COLONIAL DEVELOPMENT CORPORATION

REPORT AND ACCOUNTS FOR 1954

LONDON
HER MAJESTY'S STATIONERY OFFICE
TWO SHILLINGS NET

113

29 APR 195

COLONIAL DEVELOPMENT CORPORATION

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

For year to
31.12.54

Presented to Parliament in pursuance of Section 16 (5) of the Overseas Resources Development Act, 1948

Ordered by The House of Commons *to be Printed*
6th April 1955

LONDON
HER MAJESTY'S STATIONERY OFFICE
TWO SHILLINGS NET

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COLONIAL DEVELOPMENT CORPORATION

33 Hill Street,
London W1

The Rt Hon A. T. Lennox-Boyd, MP
Secretary of State for the Colonies

The members of the Colonial Development Corporation have the honour to submit Report and Statement of Accounts for year to 31.12.54.

(Sgd) J. C. W. Reith
H. N. Hume
Hugh Beaver
A. Gaitskell
J. Hathorn Hall
Maurice Hutton
Macdonald of Gwaenysgor
G. Tyser

24 March 1955

Members

Lord Reith
(*Chairman*)

H. N. Hume, CBE, MC
(*Deputy Chairman*)

Sir Hugh Beaver, MInstCE, MIChemE

A. Gaitskell, CMG

Sir John Hathorn Hall, GCMG, DSO, OBE, MC

Sir Maurice Hutton, CMG

The Rt Hon Lord Macdonald of Gwaenysgor, PC, KCMG, LLD

G. Tyser

Mr Gaitskell appointed 1.9.54

Executive Chief Officers

General Manager	W. Rendell, ACA

Head Office Controllers

Administration	A. E. Porter, CSI, CIE
Finance	H. L. Pryce, ACA
Operations	H. A. Cochran, OBE, MIMinE, MInstMM Sir Reginald Saloway, KBE, CMG, CIE(*a*) P. L. Yates

Regional Controllers

Caribbean	A. C. Grieve
Far East(*b*)	D. E. M. Fiennes
East Africa	R. E. Norton, CMG, OBE
Central Africa	D. L. Anderson, CBE, TD, MInstCE
West Africa(*c*)	G. I. Firmston-Williams

Regions

Caribbean ...	British Honduras, British Guiana, all British West Indies Islands, the Bahamas and the Falkland Islands; headquarters Kingston, Jamaica;
Far East	British North Borneo, Brunei, Sarawak, Singapore and the Federation of Malaya, Hong Kong, Fiji and the Western Pacific Islands; headquarters Singapore;
East Africa ...	Kenya, Uganda, Tanganyika, Seychelles, Mauritius, Zanzibar; headquarters Nairobi;
Central Africa and High Commission Territories	Federation of Rhodesia and Nyasaland, Basutoland, Bechuanaland Protectorate, Swaziland, Tristan da Cunha; headquarters Salisbury, Southern Rhodesia;
West Africa ...	Nigeria (including the Cameroons), Gold Coast (including Togoland), The Gambia, Sierra Leone; headquarters Lagos.

(*a*) Appointed 1.1.55.

(*b*) Mr Gregoire took over 1.4.54 and was murdered 25.7.54; Mr Fiennes took over 3.1.55.

(*c*) Mr Fiennes succeeded Mr Mercer 12.5.54; Mr Firmston-Williams took over 10.3.55.

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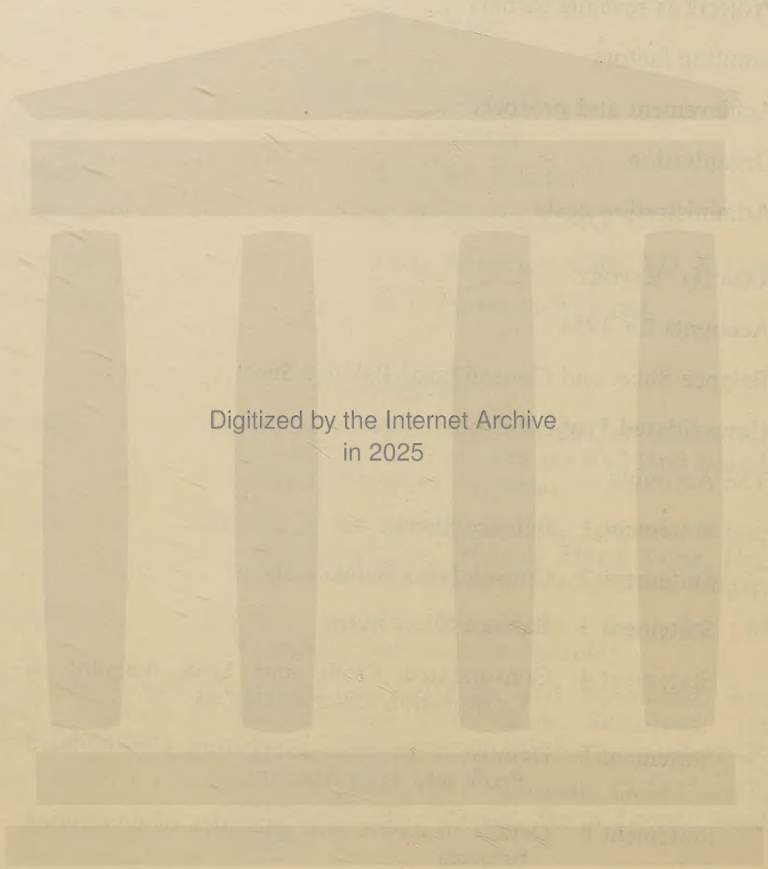

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COLONIAL DEVELOPMENT CORPORATION

ANNUAL REPORT 1954

I GENERAL REVIEW

Report and Accounts are for year to 31.12.54; later information included where appropriate.

1 Number of projects

(1) Seven new projects:

Barbados Electric Supply Corporation Ltd

Bushman Pits Ranch

Central African Airways Corporation

CDC-Stirling Contracting Ltd

Mbeya Exploration Co Ltd

Williamson Diamonds Ltd

West Indies Navigation Co Ltd.

(2) Corporation has withdrawn from experimental Yundum Farm; there are 56 continuing projects and investigations.

2 Projects by regions and territories

Overleaf are the projects, grouped regionally and by territories, with capital sanctioned for each; investigations with over £5,000 spent are included; abandoned projects and those of which assets are held only for disposal are excluded.

Region and Territory	Project	Capital sanctioned for	
		Project £000's	Region and Territory £000's
Caribbean			**8,327**
Barbados	Barbados Electric Supply Corporation Ltd	250	250
British Guiana	British Guiana Consolidated Goldfields Ltd	762	
	British Guiana Rice Development Co Ltd	1,292	
	British Guiana Timbers Ltd	2,062	
	Potaro Hydro-electric Co Ltd	285	4,401
British Honduras	*Barton Ramie	347	
	British Honduras Fruit Co Ltd (citrus)	61	
	Cramer Estates	59	
	Fort George Hotel	286	753
Dominica	Melville Hall Estate	80	
	Dominica Electricity Services	225	305
Jamaica	Cayman Islands Airport	60	
	Jamaica Citrus Growers Ltd	110	
	Jamaica Cooling Store	138	
	Jamaica Public Service Co Ltd	300	
	Turks Islands Salt Co Ltd	60	668
St Vincent	St Vincent Electricity Services	210	210
Trinidad	Trinidad Cement Ltd	1,200	
	West Indies Navigation Co Ltd	15	1,215
Falkland Islands	Falkland Islands Freezer Co Ltd	525	525
Far East			**15,040**
Singapore and the Federation of Malaya	Central Electricity Board	7,166	
	Federal and Colonial Building Society Ltd	3,500	
	Kulai Oil Palm Estate	747	
	Malayan Cocoa Ltd	47	
	Singapore Factory Development	175	11,635
North Borneo	Borneo Abaca Ltd	3,405	3,405
East Africa			**9,245**
Kenya	East Africa Industries Ltd	500	
	Kenya Housing	2,000	
	Macalder-Nyanza Mines Ltd	2,180	4,680
Tanganyika	*Liganga Iron Ltd	30	
	*Mbeya Exploration Co Ltd	160	
	*Murongo Mines	260	
	*Tanganyika Coalfields Ltd	470	
	Tanganyika Wattle Estates	1,270	
	*Tangold Mining Co Ltd	125	
	Williamson Diamonds Ltd	500	2,815
Uganda	Kilembe Mines Ltd	1,750	1,750
Central Africa			**12,538**
Central Africa Federation	Central African Airways Corporation	1,750	1,750
Northern Rhodesia	Chilanga Cement Ltd	1,500	1,500
Nyasaland	Kasungu Tobacco Estates	193	
	*Nyika Forestry Development Syndicate	12	
	Vipya Tung Estates	1,559	1,764
High Commission Territories	High Commission Printing & Publishing Co Ltd	10	10
Bechuanaland	Bechuanaland Cattle Ranch	} 1,229	
	Bushman Pits Ranch		
	Lobatsi Abattoir	1,032	
	Molopo Ranch	746	3,007
Swaziland	Swaziland Irrigation Scheme	2,608	
	Ubombo Ranches (Pty) Ltd	85	
	Usutu Forests	1,684	4,377
Tristan da Cunha	Tristan da Cunha Development Co Ltd	130	130
West Africa			**2,672**
Gold Coast	CDC-Stirling Contracting Ltd	150	
	Mampong-Bolgatanga road	352	502
Nigeria	Cocoa and Gusau-Sokoto roads	726	
	Lagos Executive Development Board	1,250	
	Omo Sawmills of Nigeria Ltd	194	2,170
	Total		**47,822**

* Investigations.

3 Capital distribution

(1) Here is capital sanctioned and capital employed, functionally grouped.

(1)	(2)		(3)				(4)			
Category	Number		Capital sanctioned				Capital employed			
			1953		1954		1953		1954	
	1953	1954	£000's	%	£000's	%	£000's	%	£000's	%
Agriculture ...	13	12	10,530	24·2	10,534	22·2	6,085	24·0	6,333	22·2
Animal Products	4	5	3,466	8·0	3,532	7·5	1,948	7·7	1,906	6·7
Factories... ...	5	5	3,348	7·7	3,348	7·1	2,570	10·1	2,805	9·8
Fisheries... ...	1	1	130	0·3	130	0·3	131	0·5	130	0·5
Forestry	5	5	4,272	9·8	5,222	11·0	3,505	13·8	3,815	13·4
Hotels	1	1	276	0·6	286	0·6	116	0·5	114	0·4
Minerals... ...	8	10	5,157	11·8	6,297	12·5	2,556	10·1	3,601	12·7
Property and Housing ...	5	5	6,984	16·1	6,984	14·7	2,426	9·6	2,704	9·5
Power	5	6	8,156	18·7	8,436	17·7	5,412	21·3	6,642	23·3
Transport and Communications	3	6	1,193	2·8	3,053	6·4	600	2·4	427	1·5
Total ...	50	56	43,512	100·0	47,822	100·0	25,349	100·0	28,477	100·0

Above excludes figures for abandoned projects

(2) Capital sanctioned increased from £43,512,000 in 1953 to £47,822,000 in 1954. Share of primary production (agriculture, animal products, fisheries, forestry and minerals) fell by ½% to 53·5%.

(3) Capital employed, excluding expenditure on abandoned projects, was £28,477,000; £25,349,000 last year. Share of primary production fell by ½% to 55·5%.

(4) During 1955 decisions will likely be taken about the future of projects including Usutu Forests, Nyika Forestry Development Syndicate and Tangold Mining Co Ltd, which might involve commitments to largely increased expenditures on primary production.

	Investigations and pilot schemes (1)	Development (2)	Initial trading (3)
	Barton Ramie	British Honduras Fruit Co Ltd (citrus)	Bushman Pits Ranch
	Mbeya Exploration Co Ltd	Kilembe Mines Ltd (copper, cobalt)	CDC-Stirling Contracting Ltd
	Murongo Mines	Macalder-Nyanza Mines Ltd (copper, gold, silver)	Dominica Electricity Services
	Nyika Forestry Development	Malayan Cocoa Ltd	Falkland Islands Freezer Co Ltd (mutton)
	Tanganyika Coalfields Ltd	Potaro Hydro-electric Co Ltd	Kasungu Tobacco Estates
	Tangold Mining Co Ltd	Tanganyika Wattle Estates	Lobatsi Abattoir
	Liganga Iron Ltd	Usutu Forests	St Vincent Electricity Services
		Vipya Tung Estates	Swaziland Irrigation Scheme (rice and general farming)
			Trinidad Cement Ltd
			West Indies Navigation Co Ltd
	£	£	£
Capital ...	800,000	4,900,000	4,200,000
Revenue ...	Nil	Nil	110,000 loss

4 Projects as revenue earners

(1) First four columns indicate development stages; column 5 projects which have had a false start; in column 6 are loans.

(2) CDC capital employed in each group is shown (nearest £100,000) and share of net profit or loss (nearest £10,000).

(3) Projects in columns 1–3 account for £10 million or 35% of CDC capital deployed. Such projects cannot be expected to contribute materially to CDC revenue and in 1954 resulted in £110,000 loss.

(4) Trading projects (column 4) increased in number from 10 (1953) to 15 in 1954 and balance of profits earned by them increased from £280,000 to £350,000. The capital deployed in such projects together with loan projects at £14,300,000 represented approximately 50% of total capital deployed and earned a return of £690,000 or something under 5% before unallocated administration expenses, colonial taxes and Colonial Office interest.

(5) Five retrenched/reorganised projects comprising £4,300,000 capital deployed (15% of total) showed aggregate trading losses of £500,000.

Trading (4)	Retrenched/Reorganised Projects (5)	Loans (6)
Borneo Abaca Ltd (rubber)	Bechuanaland Cattle Ranch	Barbados Electric Supply Corporation Ltd
British Guiana Consolidated Goldfields Ltd	Borneo Abaca Ltd (hemp)	British Guiana Rice Development Co Ltd
Chilanga Cement Ltd	British Guiana Timbers Ltd	Cayman Islands Airport
Cramer Estates	Cocoa and Gusau-Sokoto roads	Central African Airways Corporation
East Africa Industries Ltd (vegetable oil products)	Molopo Ranch	Central Electricity Board, Malaya
Federal and Colonial Building Society Ltd		High Commission Printing & Publishing Co Ltd
Fort George Hotel		Jamaica Citrus Growers Ltd
Jamaica Cooling Store		Jamaica Public Service Co Ltd
Kulai Oil Palm Estate		Kenya Housing Authority
Mampong-Bolgatanga road		Lagos Executive Development Board
Melville Hall Estate (bananas, copra)		Turks Islands Salt Co Ltd
Omo Sawmills of Nigeria Ltd		Ubombo Ranches (Pty) Ltd
Singapore Factory Development		Williamson Diamonds Ltd
Tristan da Cunha Development Co Ltd (crawfish)		
Usutu Orchards (mixed crops)		
£ 5,700,000 350,000 profit	£ 4,300,000 500,000 loss	£ 8,600,000 340,000 profit

CDC operating results in 1955 will depend largely on success of measures taken to deal with these projects. Cocoa and Gusau-Sokoto road contracts now under expert management are due to be completed during the year. Substantial economies will result from concentration of operations on Bechuanaland and Molopo cattle ranches. Corporation has confidence in Borneo Abaca Ltd (hemp) and British Guiana Timbers Ltd but there is much to be done before they will pay their way.

(6) CDC continues to put considerable sums on loan into provision of power, communications, housing; its money well directed in supplementing other funds going into such basic development till ground has been prepared for undertakings widely regarded as being more suitable for CDC.

(7) Often, but not always, such investment must be supported by governmental guarantee; the assured income gives CDC additional freedom of manoeuvre in taking risks elsewhere and has enabled early doubtful schemes to be given chances to prove themselves beyond what would otherwise have been justified; CDC does not give this activity any special priority; and the schemes must be of high value locally.

5 Limiting factors

(1) *Management*

(*a*) CDC has paid heavily for inefficient management and supervision ; it has also found that private enterprise has not always efficient management for hire;

(*b*) there is no complete alternative to the hard way of training up one's own staff.

(2) *Basic development*

(*a*) CDC carries on its books heavy expenditures on many projects which are sterile till communications—in some places promised but not yet forthcoming—are provided; here also lessons have been learned;

(*b*) other CDC projects have to bear heavy public utility expenditures—roads, unproductive housing, hospitals etc which can by over capitalisation tip the balance against the marginal risks in which CDC deals;

(*c*) here is scope for co-ordination of two instruments of colonial development, CD&W and CDC; association of government and CDC capital is a sensible and overdue objective; it would enable things to be done which cannot now be done.

(3) *Markets*

(*a*) CDC terms of reference emphasise expansion of production of foodstuffs and raw materials;

(*b*) in undeveloped territories, apart from normal hazards of pioneering, large scale establishment of such projects involves (as mentioned above) heavy expenditure on basic public utility prerequisites of development;

(*c*) what is grown or made or mined will normally have to be sold outside the territory on world markets against competition from established producers who have these services provided free or written off years before;

(*d*) in these circumstances development by private enterprise is normally based either on self-use of raw material or on sales assumed for years ahead, unless high profits are in view;

(*e*) if such development is sought by Government for strategic reasons (including dollar saving) or for political objectives, the issue must be faced; some reasonable security for markets must be granted or unreasonable trading risk undertaken.

(4) *The financial millstone*

(*a*) At 31.12.53 CDC had a cumulative deficit of about £9·7 million, of which about £6 million represented money lost on unfortunate projects and activities begun before 31.12.50 and subsequently abandoned;

(*b*) in 1954 Parliament agreed to waiver of interest on capital lost on abandoned projects but, as reported last year, CDC felt unable to accept a capital write-off on terms which would have given CDC not much more than half what is in its opinion fair;

(*c*) CDC has a statutory obligation to pay its way, taking one year with another; until reasonable relief is given, the legacy of the past must be a factor in CDC policy for the future.

6 Achievement and prospect

(1) (*a*) Project reports detail what Corporation has been doing in 1954; regional summaries put CDC activities into regional perspective;

(*b*) tables earlier show trends of investment geographically, functionally, and by phase of development;

(*c*) financial results show that CDC has come very near break-even on current operations.

(2) (*a*) Further possibilities of local and commercial participation are continually sought; (the seven new projects in 1954 are all in association with experienced private enterprise); but projects must make commercial sense before other people will look at them;

(*b*) meanwhile CDC must run them direct; at end 1954 it was managing directly or through controlled companies 16 trading projects (apart from those still in development stage) with aggregate turnover at rate of upwards of £6 million per annum, and selling such diverse commodities as beef and hides, rice, bananas, rubber, hemp, timber, cement, electric current, housing finance, hotel accommodation.

(3) (*a*) Maybe the really significant development is not shown in the tables;

(*b*) the emphasis has now swung towards looking forward instead of backwards;

(*c*) this is not just a derivative of better financial showing—though preoccupation of senior staff with liquidations and riddances and reorganisations has been, in the last four years, a serious and sickening limitation on activity;

(*d*) it is proof of the build up of staff and organisation now capable, in association with authority and private enterprise, of contributing fully to the planning and execution of large development projects;

(*e*) staff is still a nucleus and needs strengthening, but it is competent and reliable within its physical limitations; and it seems to work in growing concert and content;

(*f*) some acknowledgment is made in project reports of services from outside Corporation organisation; CDC wishes here to thank the scientific panel, associates' staff, and members of subsidiary and associated companies' boards.

(4) (*a*) Economic conditions in the territories where jobs are in hand, or in world markets, where often their products have to be sold, are not static; there must be frequent adaptation to changing circumstances;

(*b*) numbers of new projects are not necessarily much measure of CDC contribution to real development nor of the activities of its staff;

(*c*) the establishment of a cattle traders' co-operative or a settlers' scheme on land previously ranched by CDC in Bechuanaland, the arrangement with Government for a Native Authority wattle planting scheme next to the Tanganyika Wattle Estates, the negotiation of large local investments in Federal & Colonial Building Society and in Chilanga Cement are new and noteworthy steps.

7 Organisation

(1) 1951 organisation works well; there is to be a separate region for High Commission Territories, hitherto part of Central Africa region.

(2) P. A. Gregoire, Regional Controller Far East, and W. A. Gibson, Manager Kulai Oil Palm Estate, were murdered on 25.7.54; a profound loss and grief to CDC.

(3) (*a*) Head Office staff 168 (1953—183);
(*b*) Regional Office staff 88 (1953—106).

This is probably rock bottom unless CDC activities change character and scale.

8 Administration costs

Administration costs are reduced to minimum; with expansion of work they are likely to increase (% change on previous year in brackets):

	Head Office	Overseas	Total
	£	£	£
1951 ...	339,510	145,037	484,547
1952 ...	297,648 (−12%)	159,994 (+10%)	457,642 (− 6%)
1953 ...	226,142 (−23%)	144,831 (− 9%)	370,973 (−19%)
1954 ...	198,679 (−12%)	129,154 (− 1%)	327,833 (−12%)

II FINANCIAL REPORT

9 Accounts for 1954

Accounts and supporting statements for year to 31.12.54 are:

Statement 1 Balance Sheet
2 Consolidated Balance Sheet
3 Balance Sheet notes
4 Consolidated Profit and Loss Account of Corporation and subsidiaries
5 Details of projects supporting Consolidated Profit and Loss Account
6 Details of assets and liabilities of continuing projects
7 Investments at cost

10 Balance Sheet and Consolidated Balance Sheet

(1) Provisions for losses on abandoned projects have been applied against book values of assets, as for previous year.

(2) Book values of fixed assets of abandoned projects, less provisions, have been reduced from £489,041 to £394,725 by realisations during year; major part of this latter figure is accounted for by remaining land, buildings and plant at Eleuthera and Andros and the two West African Fisheries cold stores at Port Harcourt and Apapa.

(3) Losses written off in accounts for projects which CDC considers should be eligible for capital write-off and interest waiver have been transferred to a Special Losses Account—total £6,269,468.

11 Consolidated Profit and Loss Account

(1) Net income arising from continuing projects, including investment income, was £166,775 (loss £130,088 in 1953).

(2) Operating results are analysed in paragraph 4.

(3) After providing for all revenue expenses except provision for colonial income tax and Colonial Office interest (medium and short term), and before adjusting for minority interests, net loss was £85,946 (£403,334 in 1953).

(4) Favourable realisations of assets of abandoned projects have enabled £45,239 of provision at 31.12.53 to be brought to credit in 1954.

(5) Capital losses £114,222 on continuing projects have been written off against provision at 31.12.53; on reassessment of continuing projects at 31.12.54 an additional £100,000 has been added to provision against part expenditures carried forward in CDC books, bringing total provision to £1,216,595.

(6) Further benefits from economies and reorganisations may be expected in 1955: but revenue credited in Consolidated Profit and Loss Account will be reduced in successful projects where CDC has arranged for outside participations; this effect will be magnified where project ceases to be a subsidiary and consequently future profits of the Corporation will only include declared dividends.

31.12.53		£	£
	CAPITAL LIABILITY TO THE COLONIAL OFFICE		
28,224,500	Long-term advances	30,145,500	
6,059,200	Medium-term advances	7,772,200	
550,000	Short-term advances	250,000	
34,833,700			38,167,700
	CURRENT LIABILITIES		
1,027,075	Creditors and accrued charges	893,125	
951,420	Bank loan	1,126,183	
			2,019,308
	PROVISIONS		
1,608,677	Continuing projects including subsidiaries		1,773,260

The relevant notes in statement 3 form part of this Balance Sheet.

(Signed) J. C. W. Reith
G. Tyser

£38,420,872		£41,960,268

Report to the Colonial Development Corporation by the Auditors appointed under Section 16 (3)

We have audited the above Balance Sheet and have obtained all the information and explanations from our examination, proper books of account have been kept by the Corporation and adequate

In our opinion and to the best of our information and according to the explanations given to applicable thereto a true and fair view of the state of the Corporation's affairs as at 31st December,

We have examined the annexed Consolidated Balance Sheet (statement 2) and the Consolidated companies, certain of which have not been audited by us. In our opinion such Balance Sheet and so as to give a true and fair view of the state of affairs as at 31st December, 1954, and of the loss as concerns the Corporation.

11 Ironmonger Lane, London, E.C.2.
24th March 1955.

31.12.53		Cost less sales	Depreciation and amounts written off	
£	FIXED ASSETS	£	£	£
3,536,863	Freehold and leasehold land, plantations, concessions and buildings ...	4,344,262	554,565	3,789,697
719,150	Plant and machinery	879,364	138,124	741,240
199,845	Contracting plant	375,272	189,240	186,032
811	Ships and vessels	1,739	1,241	498
206,249	Land clearance equipment, tractors and agricultural equipment	303,848	187,780	116,068
198,202	Motor vehicles and rolling stock ...	398,349	261,048	137,301
173,110	Furniture, fixtures, office and hotel equipment	203,497	84,922	118,575
5,034,230		6,506,331	1,416,920	5,089,411
54,602	PROGRESS PAYMENTS ON FIXED ASSETS			56,277
406,852	FIXED ASSETS OF ABANDONED PROJECTS at estimated realisable values			393,309
618,187	FORESTRY CROPS AT COST			844,789
	EXPENDITURE ON DEVELOPMENT INCLUDING REVENUE EXPENDITURE CARRIED FORWARD AT COST LESS AMOUNTS WRITTEN OFF			
155,922	Land clearance		137,332	
612,334	Mining investigations and developments		633,833	
733,406	General development, surveys and revenue expenditure carried forward		726,586	
8,000	Investigation syndicate		12,000	
				1,509,751
	INVESTMENTS AT COST			
1,466,005	Shares in associated companies		2,235,624	
7,709,998	Debentures and secured loans		9,761,916	
				11,997,540
	SUBSIDIARY COMPANIES			
5,606,978	Investments at cost less amounts written off ...		5,006,079	
3,385,988	Advances less amounts written off		4,646,323	
				9,652,402
25,792,502				29,543,479
	CURRENT ASSETS			
1,475,201	Stocks, stores and livestock at cost or market value whichever is lower or at valuation		1,055,297	
131,694	Growing crops at cost or valuation		94,049	
16,970	Work in progress at valuation		51,801	
734,124	Debtors and prepayments less provisions		493,287	
587,462	Cash at banks and in hand		528,328	
				2,222,762
	PROFIT AND LOSS ACCOUNT			
	Balance at 1.1.54		9,682,919	
	Less transferred to Special Losses Account below ...		6,162,769	
			3,520,150	
	Add amount transferred from Profit and Loss Account (statement 4)		404,409	
3,520,150				3,924,559
	SPECIAL LOSSES ACCOUNT comprising losses on abandoned projects, abandoned assets and activities of continuing projects and amounts written off investments and assets of continuing projects			
	Amount transferred at 1.1.54		6,162,769	
	Add amount transferred from Profit and Loss Account (statement 4)		106,699	
6,162,769				6,269,468
£38,420,872				£41,960,268

of the Overseas Resources Development Act, 1948, by the Secretary of State for the Colonies

which to the best of our knowledge and belief were necessary for that purpose. So far as appears returns have been received from overseas offices.

us, the said Balance Sheet, which is in agreement with the books, gives with the notes on statement 3 1954.

Profit and Loss Account (statement 4) with the audited accounts of the Corporation and its subsidiary Profit and Loss Account with the notes on statement 3 applicable thereto have been properly prepared for the year ended on that date of the Corporation and also of the subsidiary companies so far

(Signed) PEAT, MARWICK, MITCHELL & Co.
Chartered Accountants
Auditors

31.12.53			
£		£	£
	CAPITAL LIABILITY		
34,833,700	Advances from Colonial Office		38,167,700
	INTEREST OF MINORITY SHAREHOLDERS IN SUBSIDIARY		
764,108	COMPANIES OVERSEAS		763,505
	CURRENT LIABILITIES		
1,662,469	Creditors and accrued charges	1,732,992	
960,497	Bank loans and overdrafts	1,421,694	
			3,154,686
	PROVISIONS		
	Book value of expenditure on continuing projects		
1,270,817	and of investments	1,216,595	
	Trading losses of Falkland Islands Freezer Company		
34,977	Limited	83,977	
70,000	Replanting—rubber plantations	105,000	
			1,405,572

The relevant notes in statement 3 form part of this Balance Sheet.

£39,596,568	£43,491,463

AND SUBSIDIARY COMPANIES AT 31.12.54

31.12.53		Cost, net book value at date of acquisition of shares or valuation, less sales	Depreciation and amounts written off	
£	FIXED ASSETS	£	£	£
6,193,255	Freehold and leasehold land, plantations, concessions and buildings...	7,983,833	827,683	7,156,150
2,050,341	Plant and machinery	3,066,269	536,132	2,530,137
199,845	Contracting plant	375,272	189,240	186,032
172,248	Ships and vessels	236,841	50,196	186,645
280,560	Land clearance equipment, tractors and agricultural equipment ...	474,234	277,072	197,162
329,726	Motor vehicles and rolling stock ...	638,327	358,244	280,083
239,711	Furniture, fixtures, office and hotel equipment	307,043	116,411	190,632
9,465,686		13,081,819	2,354,978	10,726,841
460,939	PROGRESS PAYMENTS ON FIXED ASSETS			149,436
489,041	FIXED ASSETS OF ABANDONED PROJECTS at estimated realisable values			394,725
618,187	FORESTRY CROPS AT COST			844,789
	EXPENDITURE ON DEVELOPMENT INCLUDING REVENUE EXPENDITURE CARRIED FORWARD AT COST LESS AMOUNTS WRITTEN OFF			
169,082	Land clearance		137,332	
1,248,627	Mining investigations and development		1,386,490	
1,106,971	General development, surveys and revenue expenditure carried forward		911,021	
8,000	Investigation syndicate		12,000	
				2,446,843
	INVESTMENTS AT COST (statement 7)			
409,011	Shares in and advances to subsidiary companies not consolidated		409,123	
1,476,005	Shares in associated companies		2,245,624	
7,799,971	Debentures and secured loans		9,784,196	
1,929,296	Building Society advances on mortgage		2,648,297	
				15,087,240
25,180,816				29,649,874
	CURRENT ASSETS			
2,590,270	Stocks, stores and livestock at cost or market value whichever is lower or at valuation		2,050,623	
142,194	Growing crops at cost or valuation		94,049	
16,970	Work in progress at valuation		51,801	
1,202,479	Debtors and prepayments less provisions		814,612	
747,805	Cash at bank and in hand		610,978	
				3,622,063
15,320	PRELIMINARY EXPENSES OF SUBSIDIARY COMPANIES ...			15,320
29,895,854				33,287,257
17,795	EXCESS COST OF INVESTMENTS IN SUBSIDIARY COMPANIES over net tangible assets attributable thereto at date of acquisition less amounts written off			10,179
	PROFIT AND LOSS ACCOUNT			
	Balance at 1.1.54		9,682,919	
	Less transferred to Special Losses Account below ...		6,162,769	
			3,520,150	
3,520,150	*Add* amount transferred from Profit and Loss Account for year to 31.12.54		404,409	3,924,559
	SPECIAL LOSSES ACCOUNT comprising losses on abandoned projects, abandoned assets and activities of continuing projects and amounts written off investments and assets of continuing projects			
	Amount transferred at 1.1.54		6,162,769	
6,162,769	*Add* amount transferred from Profit and Loss Account for year to 31.12.54		106,699	6,269,468
£39,596,568				£43,491,463

NOTES FORMING PART OF THE ACCOUNTS

(1) Maximum borrowing powers are:

(*a*) £100 millions and

(*b*) £10 millions temporarily by way of overdraft or otherwise.

(2) Assets and liabilities in colonial and foreign currencies have been converted at the rates ruling at 31.12.54.

(3) Corporation has contractual commitments for capital expenditure of £275,000 (for group £365,000) and for debentures and partly paid shares of £6,000,000 (for group £5,200,000). Corporation is contingently liable in respect of a guarantee given to an associated company.

(4) Total depreciation and amortisation charged by the Corporation and its consolidated subsidiaries in respect of the year ended 31.12.54 amounted to £590,876. In addition a provision of £35,000 has been made for replanting rubber plantations.

(5) Under arrangements being made for the subscription of additional capital in a subsidiary company, the Corporation has agreed to sell 150,000 £1 shares at par as at 1st January, 1955. The net assets of the subsidiary company attributable to Corporation holding of 750,000 shares prior to sale were £940,555. After the sale the balance of 600,000 £1 shares held by the Corporation will be represented by net assets of £701,629, and the company will cease to be a subsidiary.

(6) " Freehold and leasehold land, plantations, concessions and buildings " includes expenditure on land, conveyance of which has not yet been completed.

(7) Due to communication delays accounts of Tristan da Cunha Development Co Ltd and Falkland Islands Freezer Co Ltd have not been consolidated.

(8) Long-term advances made during each year ending 31st March are treated as a single advance made on that date and are repayable by annuities for 33 years beginning at end of seven years. Particulars of advances made to 31.12.54 and rates of interest applicable thereto for period of 40 years are:

Period of Annuity	*Rate*	£
1.4.55–31.3.88	3%	25,000
1.4.56–31.3.89	3%	925,000
1.4.57–31.3.90	3%	2,185,000
1.4.57–31.3.90	3½%	1,100,000
1.4.58–31.3.91	3½%	7,835,000
1.4.59–31.3.92	3½%	4,793,000
1.4.59–31.3.92	3¾%	2,850,000
1.4.59–31.3.92	4¼%	550,000
1.4.60–31.3.93	4¼%	5,346,000
1.4.61–31.3.94	4¼%	1,980,500
1.4.61–31.3.94	4%	885,000
1.4.62–31.3.95	4%	710,000
1.4.62–31.3.95	3¾%	961,000
		£30,145,500

No provision has been made in Profit and Loss Account for long-term interest at 31.12.54.

STATEMENT 4

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF CORPORATION AND SUBSIDIARIES—YEAR TO 31.12.54

Year to 31.12.53			
£		£	£
(*Loss*) *130,088*	NET INCOME FROM CONTINUING PROJECTS INCLUDING INVESTMENTS (PER STATEMENT 5)		166,775
34,000	*Deduct:* PROVISION FOR TRADING LOSS OF FALKLAND ISLANDS FREEZER COMPANY LIMITED (NOT CONSOLIDATED)		49,000
164,088			117,775
40,327	INVESTIGATION EXPENDITURE ON PROJECTS NOT FOLLOWED UP...	23,284	
188,891	ADMINISTRATIVE EXPENDITURE (Head Office and overseas offices)	173,732	
	The above administrative expenditure is stated after making allocations to:		
	1953 £ / £		
	Projects—Revenue expenditure ... ... *65,133* / 72,687		
	Fixed assets and forestry crops ... ... *20,869* / 16,857		
	Expenditure on development etc ... ... *34,937* / 15,661		
	Abandoned projects ... *61,143* / 48,896		
	182,082 / 154,101		
	REMUNERATION OF MEMBERS £		
3,111	Fees 2,805		
6,917	Salaries 3,500		
—	Provision for pension to former member ... 400		
		6,705	
			203,721
403,334	Loss before charging items dealt with below		85,946
70,679	COLONIAL INCOME TAX		115,110
2,642	*Preliminary expenses written off*	—	
2,811	*Sundry capital losses less profits*	—	
	PROVISION FOR LOSS against book value of expenditure on continuing projects and of investments		
	Amount required at 31.12.54	1,216,595	
	Less: Balance of provisions made in previous year ...	1,116,595	
627,507		100,000	
(*Cr.*) *2,502*	*Less:* Provision for losses on abandoned projects no longer required	45,239	
			54,761
1,104,471	CONSOLIDATED LOSS ATTRIBUTABLE TO CORPORATION AND SUBSIDIARIES, subject to interest payable to Colonial Office		255,817
28,850	*Add:* Profits less losses attributable to interest of minority shareholders		9,856
1,133,321			265,673
170,340	*Add:* Interest payable to Colonial Office on medium and short-term advances		245,435
£1,303,661	CONSOLIDATED LOSS ATTRIBUTABLE TO CORPORATION ...		£511,108
	LOSS OF CORPORATION FOR THE YEAR CARRIED TO BALANCE SHEET (statement 1)		
	Profit and Loss Account	404,409	
	Special Losses Account	106,699	
	Corporation has made provisions equivalent to its share of the losses less profits carried forward in the accounts of subsidiaries. In 1953 £24,602 was released from provisions previously made for this purpose as a		
£1,279,059	result of two companies ceasing to be subsidiaries.		£511,108

Notes (4) and (8) on statement 3 form part of this Profit and Loss Account.

DETAILS OF PROJECTS SUPPORTING CONSOLIDATED PROFIT AND LOSS ACCOUNT—YEAR TO 31.12.54

1953			Net trading	
Profit	*Loss*		Profit	Loss
£	£		£	£
		DIRECT PROJECTS AND SUBSIDIARY COMPANIES		
—	*72,581*	British Guiana Timbers Ltd.	—	114,676
—	*32,803*	Barton Ramie Investigation	—	—
—	*838*	Cramer Estates	2,716	—
—	*4,622*	Fort George Hotel	1,296	—
—	5,198	Dominica Electricity Services	—	6,413
6,489	—	Melville Hall Estate	13,418	—
669	—	Jamaica Cooling Store	3,321	—
10,732	—	Castries Reconstruction Agency ...	1,712	—
—	*2,425*	St Vincent Electricity Services	2,188	—
90,716	—	Federal and Colonial Building Society Ltd	124,992	—
4,899	—	Kulai Oil Palm Estate	—	6,750
16,682	—	Singapore Factory Development ...	5,364	—
—	*158,098*	Borneo Abaca Ltd	—	161,547
229,457	—	Chilanga Cement Ltd	216,718	—
—	*24,777*	Kasungu Tobacco Estates	—	7,916
—	*102,760*	Bechuanaland Cattle Ranch	—	68,256
—	—	Lobatsi Abattoir	—	5,275
—	*45,755*	Molopo Ranch	—	22,053
—	*33,363*	Swaziland Irrigation Scheme	—	48,353
—	*6,642*	Usutu orchards	—	9,975
—	*105,522*	Mampong-Bolgatanga road	33,374	—
—	*22,863*	Omo Sawmills of Nigeria Ltd	—	12,128
—	*168,922*	Cocoa and Gusau-Sokoto roads ...	—	177,478
18,159	—	SUNDRY INCOME	13,368	—
377,803	*787,169*		418,467	640,820
	377,803			418,467
	409,366	NET LOSS		222,353
Interest			Interest	
		INVESTMENTS		
33,109		British Guiana Consolidated Goldfields Ltd	31,550	
10,035		British Guiana Rice Development Co Ltd	21,145	
—		Potaro Hydro-electric Co Ltd	4,404	
4,765		Jamaica Citrus Growers Ltd	4,286	
—		Jamaica Public Service Co Ltd	15,000	
161,410		Central Electricity Board, Malaya ...	230,498	
—		Kilembe Mines Ltd	11,747	
5,100		Ubombo Ranches (Pty) Ltd	5,100	
56,250		Lagos Executive Development Board ...	56,250	
8,609		Sundry	9,148	
	279,278			389,128
(*Loss*)	£*130,088*	NET INCOME FROM CONTINUING PROJECTS INCLUDING INVESTMENTS (STATEMENT 4)		£166,775

	Head Office and overseas offices	British Guiana Timbers Ltd	Barton Ramie Investigation
	£	£	£
FIXED ASSETS			
Freehold and leasehold land, plantations, concessions and buildings	257,851	709,872	19,876
Plant and machinery	42,725	400,039	14,334
Contracting plant	—	—	—
Ships and vessels	—	209,263	1,739
Land clearance equipment, tractors and agricultural equipment	353	100,113	13,237
Motor vehicles and rolling stock	12,394	77,679	4,513
Furniture, fixtures, office and hotel equipment	76,214	17,964	2,384
	389,537	1,514,930	56,083
Less DEPRECIATION			
Freehold and leasehold land, plantations, concessions and buildings	20,134	47,440	2,012
Plant and machinery	770	51,676	3,545
Contracting plant	—	—	—
Ships and vessels	—	34,278	1,241
Land clearance equipment, tractors and agricultural equipment	—	41,776	6,411
Motor vehicles and rolling stock	7,739	23,400	3,158
Furniture, fixtures, office and hotel equipment	37,481	5,823	877
	66,124	204,393	17,244
NET BOOK VALUE OF FIXED ASSETS	323,413	1,310,537	38,839
PROGRESS PAYMENTS ON FIXED ASSETS	—	—	—
FORESTRY CROPS	45	—	—
LAND CLEARANCE	—	—	500
MINING INVESTIGATIONS AND DEVELOPMENT	832	—	—
GENERAL DEVELOPMENT, SURVEYS AND REVENUE EXPENDITURE CARRIED FORWARD	59,877	88,133	10,175
INVESTIGATION SYNDICATE	12,000	—	—
INVESTMENTS			
Shares in and advances to subsidiary companies not consolidated	409,123	—	—
Shares in associated companies	2,235,572	10,000	—
Debentures and secured loans	9,652,583	20,833	—
Building Society advances on mortgage	—	—	—
CURRENT ASSETS			
Stocks, stores and livestock	8,828	297,889	4,892
Growing crops	—	—	4,000
Work in progress	—	—	—
Debtors and prepayments, less provisions	290,617	53,372	348
Cash at banks and in hand	282,209	7,574	2,703
PRELIMINARY EXPENSES of subsidiary companies	—	10,151	—
TOTAL ASSETS	13,275,099	1,798,489	61,457
INTEREST OF MINORITY SHAREHOLDERS in subsidiary companies overseas	—	68,372	—
CREDITORS AND ACCRUED CHARGES	413,507	73,507	4,487
BANK LOANS AND OVERDRAFTS	1,126,183	—	—

OF CONTINUING PROJECTS

British Honduras Fruit Co Ltd (citrus)	Cramer Estates	Fort George Hotel	Dominica Electricity Services	Melville Hall Estate	Jamaica Cooling Store
£	£	£	£	£	£
52,468	37,345	225,000	104,271	23,843	89,989
500	—	—	75,077	1,181	29,175
—	—	—	—	—	—
—	—	—	—	—	—
1,852	—	—	—	—	—
25	750	1,080	2,341	5,307	4,077
1,626	670	12,761	4,252	723	1,964
56,471	38,765	238,841	185,941	31,054	125,205
897	97	138,015	7,054	1,841	8,138
84	—	—	6,941	232	6,060
—	—	—	—	—	—
—	—	—	—	—	—
631	—	—	—	—	—
21	750	742	1,701	3,556	2,263
340	267	2,939	2,091	451	1,113
1,973	1,114	141,696	17,787	6,080	17,574
54,498	37,651	97,145	168,154	24,974	107,631
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	6,226	—
—	—	—	—	—	—
3,691	—	—	8,772	—	6,556
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,637	22	8,763	10,087	2,261	1,372
—	—	—	—	6,799	—
—	—	—	—	—	—
89	2,440	888	2,649	1,135	6,343
268	4,096	8,710	2,697	4,481	3,326
—	—	—	—	—	—
60,183	44,209	115,506	192,359	45,876	125,228
—	—	—	—	—	—
405	2,296	1,899	2,841	1,340	1,245
—	—	—	—	—	—

DETAILS OF ASSETS AND LIABILITIES

	St Vincent Electricity Services	Federal and Colonial Building Society Ltd	Kulai Oil Palm Estate
	£	£	£
FIXED ASSETS			
Freehold and leasehold land, plantations, concessions and buildings	81,889	22,367	428,858
Plant and machinery	94,945	—	36,865
Contracting plant	—	—	—
Ships and vessels	—	—	—
Land clearance equipment, tractors and agricultural equipment	—	—	—
Motor vehicles and rolling stock	1,905	2,212	4,080
Furniture, fixtures, office and hotel equipment	2,237	8,481	4,462
	180,976	33,060	474,265
Less DEPRECIATION			
Freehold and leasehold land, plantations, concessions and buildings	4,012	671	20,008
Plant and machinery	6,859	—	12,662
Contracting plant	—	—	—
Ships and vessels	—	—	—
Land clearance equipment, tractors and agricultural equipment	—	—	—
Motor vehicles and rolling stock	1,211	273	1,268
Furniture, fixtures, office and hotel equipment	588	4,721	1,230
	12,670	5,665	35,168
NET BOOK VALUE OF FIXED ASSETS	168,306	27,395	439,097
PROGRESS PAYMENTS ON FIXED ASSETS	—	—	56,277
FORESTRY CROPS	—	—	—
LAND CLEARANCE	—	—	—
MINING INVESTIGATIONS AND DEVELOPMENT	—	—	—
GENERAL DEVELOPMENT, SURVEYS AND REVENUE EXPENDITURE CARRIED FORWARD	4,206	—	28,933
INVESTIGATION SYNDICATE	—	—	—
INVESTMENTS			
Shares in and advances to subsidiary companies not consolidated	—	—	—
Shares in associated companies	—	—	40
Debentures and secured loans	—	1,447	—
Building Society advances on mortgage	—	2,648,297	—
CURRENT ASSETS			
Stocks, stores and livestock	12,720	—	7,818
Growing crops	—	—	—
Work in progress	—	—	—
Debtors and prepayments, less provisions	2,058	3,545	5,673
Cash at banks and in hand	3,086	905	2,434
PRELIMINARY EXPENSES of subsidiary companies	—	—	—
TOTAL ASSETS	190,376	2,681,589	540,272
INTEREST OF MINORITY SHAREHOLDERS in subsidiary companies overseas	—	71,788	—
CREDITORS AND ACCRUED CHARGES	4,972	54,625	11,659
BANK LOANS AND OVERDRAFTS	—	266,368	—

OF CONTINUING PROJECTS

Singapore Factory Development	Borneo Abaca Ltd	Macalder-Nyanza Mines Ltd	Murongo Mines Investigation	Tanganyika Coalfields and Iron Investigations	Tanganyika Wattle Estates
£	£	£	£	£	£
43,736	1,793,479	188,766	57,132	9,757	160,528
—	361,589	188,784	26,129	3,409	10,925
—	—	—	—	—	—
—	69,747	—	—	—	—
—	49,654	7,353	—	—	40,653
—	94,907	16,347	9,340	—	13,587
—	29,451	35,662	4,048	208	11,360
43,736	2,398,827	436,912	96,649	13,374	237,053
—	171,741	26,816	10,044	4,499	16,224
—	47,382	52,118	4,686	1,395	3,866
—	—	—	—	—	—
—	19,323	—	—	—	—
—	19,019	6,951	—	—	37,430
—	37,204	12,606	7,356	—	13,226
—	11,424	10,273	1,784	109	4,722
—	306,093	108,764	23,870	6,003	75,468
43,736	2,092,734	328,148	72,779	7,371	161,585
—	—	18,689	—	—	—
—	—	—	—	—	343,987
—	—	—	—	—	99,056
—	—	799,249	180,112	487,889	—
—	94,189	—	—	—	487
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
83,733	—	—	—	—	—
—	—	—	—	—	—
—	235,096	201,613	3,919	1,934	19,275
—	—	—	—	—	1,706
—	—	—	—	—	—
600	21,175	5,031	364	22	1,662
—	16,069	7,681	345	—	5,579
—	—	5,169	—	—	—
128,069	2,459,263	1,365,580	257,519	497,216	633,337
—	36,470	40,000	—	—	—
54	77,856	31,854	1,882	40,450	62,220
—	—	—	—	—	—

	Chilanga Cement Ltd	Kasungu Tobacco Estates	Vipya Tung Estates	Bechuanaland Cattle Ranch
FIXED ASSETS	£	£	£	£
Freehold and leasehold land, plantations, concessions and buildings	980,021	60,696	699,095	159,579
Plant and machinery	1,186,361	5,276	12,208	41,136
Contracting plant	—	—	—	—
Ships and vessels	—	—	—	—
Land clearance equipment, tractors and agricultural equipment	—	13,139	65,738	34,725
Motor vehicles and rolling stock	43,024	9,268	10,097	19,452
Furniture, fixtures, office and hotel equipment	15,509	4,772	8,789	19,279
	2,224,915	93,151	795,927	274,171
Less DEPRECIATION				
Freehold and leasehold land, plantations, concessions and buildings	74,915	13,425	165,471	22,749
Plant and machinery	233,181	2,036	4,634	13,145
Contracting plant	—	—	—	—
Ships and vessels	—	—	—	—
Land clearance equipment, tractors and agricultural equipment	—	7,116	26,796	16,441
Motor vehicles and rolling stock	18,137	8,925	8,323	14,799
Furniture, fixtures, office and hotel equipment	4,399	2,574	4,782	10,026
	330,632	34,076	210,006	77,160
NET BOOK VALUE OF FIXED ASSETS	1,894,283	59,075	585,921	197,011
PROGRESS PAYMENTS ON FIXED ASSETS	74,470	—	—	—
FORESTRY CROPS	—	—	—	—
LAND CLEARANCE	—	2,677	—	—
MINING INVESTIGATIONS AND DEVELOPMENT	—	—	—	—
GENERAL DEVELOPMENT, SURVEYS AND REVENUE EXPENDITURE CARRIED FORWARD	62,176	8,753	—	113,405
INVESTIGATION SYNDICATE	—	—	—	—
INVESTMENTS				
Shares in and advances to subsidiary companies not consolidated	—	—	—	—
Shares in associated companies	—	—	—	—
Debentures and secured loans	—	—	—	—
Building Society advances on mortgage	—	—	—	—
CURRENT ASSETS				
Stocks, stores and livestock	208,506	15,521	44,838	162,551
Growing crops	—	15,458	—	1,662
Work in progress	—	—	—	—
Debtors and prepayments, less provisions	210,680	1,188	5,088	5,066
Cash at banks and in hand	310	7,783	10,046	15,066
PRELIMINARY EXPENSES of subsidiary companies	—	—	—	—
TOTAL ASSETS	2,450,425	110,455	645,893	494,761
INTEREST OF MINORITY SHAREHOLDERS in subsidiary companies overseas	406,877	—	—	—
CREDITORS AND ACCRUED CHARGES	606,234	7,138	12,452	3,879
BANK LOANS AND OVERDRAFTS	18,330	—	—	—

Lobatsi Abattoir	Molopo Ranch	Swaziland Irrigation Scheme	Usutu Forests	Omo Sawmills of Nigeria Ltd	Road Contracts
£	£	£	£	£	£
329,926	98,010	735,326	664,455	139,000	57,100
313,038	18,933	76,410	77,598	62,471	—
—	—	—	—	—	375,272
—	—	—	—	789	—
—	3,148	119,021	13,834	14,585	—
2,033	8,520	45,982	42,853	17,524	200,770
11,938	5,605	13,445	4,923	2,639	13,463
656,935	134,216	990,184	803,663	237,008	646,605
5,578	10,645	63,251	31,444	20,882	9,924
14,576	8,044	14,208	34,465	13,244	—
—	—	—	—	—	189,240
—	—	—	—	777	—
—	2,477	82,185	8,924	10,914	—
1,605	4,900	40,189	21,912	11,196	117,425
2,736	1,432	5,440	1,539	1,086	2,741
24,495	27,498	205,273	98,284	58,099	319,330
632,440	106,718	784,911	705,379	178,909	327,275
—	—	—	—	—	—
—	—	—	675,540	—	—
—	—	28,873	—	—	—
—	—	—	—	—	—
66,511	28,479	328,014	46,263	—	16,155
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	12	—	—
—	—	—	—	—	—
—	—	—	—	—	—
27,814	170,481	195,636	80,280	46,363	175,660
—	—	57,601	6,823	—	—
—	—	—	—	—	51,801
4,962	1,758	44,180	12,789	19,047	62,595
108,581	7,107	12,239	6,524	589	21,310
—	—	—	—	—	—
840,308	314,543	1,451,454	1,533,610	244,908	654,796
—	—	—	—	88,660	—
14,454	3,593	37,360	151,084	9,407	286,963
—	—	—	—	10,813	—

INVESTMENTS AT COST

	£	£
SHARES IN AND ADVANCES TO SUBSIDIARY COMPANIES NOT CONSOLIDATED		
Falkland Islands Freezer Co Ltd	278,694	
Tristan da Cunha Development Co Ltd	130,429	
		409,123
SHARES IN ASSOCIATED COMPANIES		
British Guiana Consolidated Goldfields Ltd	87,852	
Potaro Hydro-electric Co Ltd	13,083	
Trinidad Cement Ltd	1,204,900	
West Indies Navigation Co Ltd	6,000	
Malayan Cocoa Ltd	23,867	
East Africa Industries Ltd	275,000	
Tangold Mining Co Ltd	110,000	
Kilembe Mines Ltd	514,870	
Held by projects	10,052	
		2,245,624
DEBENTURES AND SECURED LOANS		
British Guiana Rice Development Co Ltd	698,000	
British Guiana Consolidated Goldfields Ltd	573,704	
Potaro Hydro-electric Co Ltd	120,000	
Cayman Islands Airport	52,725	
Jamaica Citrus Growers Ltd	83,000	
Jamaica Public Service Co Ltd	294,000	
Turks Islands Salt Co Ltd	60,000	
Central Electricity Board Malaya	5,840,000	
Kenya Housing Authority	200,000	
Kilembe Mines Ltd	386,154	
High Commission Printing and Publishing Co Ltd	10,000	
Ubombo Ranches (Pty) Ltd	85,000	
Lagos Executive Development Board	1,250,000	
Held by projects	131,613	
		9,784,196
BUILDING SOCIETY ADVANCES ON MORTGAGE		
Federal and Colonial Building Society Ltd		2,648,297
per statement 2		£15,087,240

III PROJECT REPORTS

CARIBBEAN REGION

12 Regional summary

(1) There are nineteen projects—excluding Falkland Islands Freezer—in British West Indies, British Guiana and British Honduras; capital sanctioned is £7,802,000, employed at 31.12.54 £5,695,000.

(2) Development should be stimulated by electricity projects in Barbados, British Guiana, Dominica, St. Vincent and Jamaica; bad communications, an admitted drag on development, should be eased by the inter-island shipping service, the airport on Grand Cayman Island and the Fort George Hotel at Belize.

(3) CDC helps develop primary production by gold, timber and rice projects in British Guiana; Melville Hall banana and copra estate in Dominica—a small but successful venture—has brought banana ships to the island with consequent benefit to other growers; the loan to the Jamaica Citrus Growers' Association and the Jamaica Cooling Store support the citrus industry in that island.

(4) Trials with ramie, citrus and cocoa in British Honduras have yet to disclose the most useful direction in which to stimulate the economy of that territory.

BAHAMAS

13 Eleuthera

(1) 2,622 acres sold; remainder (6,000 acres and fixed assets thereon) leased for seven years from 1.7.54 with option to buy.

(2) Options may be exercised as development of real estate proceeds adjacently.

(3) If so CDC should recover expenditure on land and property, and perhaps part of losses on abortive agricultural operations.

BARBADOS

14 Barbados Electric Supply Corporation Ltd

(1) £250,000 loan for extension of power station and distribution system approved in 1954; £150,000 drawn after year end.

(2) Loan conditional on formation of local company with local issue of shares; legislation is proposed enabling Barbados Government to underwrite this issue.

(3) Principal and interest secured by first charge on assets.

BRITISH GUIANA

15 British Guiana Consolidated Goldfields Ltd

(1) (*a*) Authorised capital £499,999 10s in 2/- ordinary shares; issued £294,628; at 31.12.54 CDC held 878,938 with nominal value of £87,893 16s;

(*b*) 1948 loan of £178,704 against debenture is repayable over 15 years from 31.12.56 with option to convert at par into ordinary shares till that date;

(*c*) under second loan agreement in 1951 £395,000 has been advanced against debenture.

(2) 1954 production was 20,965 fine oz gold (16,025 fine oz in 1953); profit after depreciation, amortisation and debenture interest £39,703 before tax (£12,170 loss in 1953).

(3) At 31.12.54 ore reserves were:

Class	Area	cu yds	gr/cu yd
proved ...	Mahdia	682,000	3·54
,, ...	Lower Potaro	8,950,000	4·09
,, ...	Middle Konawaruk	2,313,500	3·39
,, ...	Upper Konawaruk	26,610,500	3·16
	total and average	38,556,000	3·39
partly proved	Upper Potaro	9,800,000	3·47
,, ,,	Middle Konawaruk	4,897,000	3·52
,, ,,	Upper Konawaruk	3,397,000	2·38
	total and average	18,094,000	3·28

(4) (*a*) Output of old Mahdia dredge at 2,339 fine oz (2,995 fine oz in 1953) was again poor, but continued operation spread overheads;

(*b*) output of Potaro dredge, 18,626 fine oz (13,030 fine oz in 1953), was well above estimate due to bigger yardage dredged, higher grade ground and improvement in recovery.

(5) (*a*) Konawaruk airstrip completed;

(*b*) most sections of dredge to work Konawaruk area were flown to construction site, a difficult operation, by British Guiana Airways Ltd; total weight about 1,000 tons;

(*c*) construction of pontoon, main frame and gantry completed; bucket ladder and bucket line assembled;

(*d*) damage to generating set delayed welding and riveting but dredge should be completed end 1955—when Potaro Hydro-electric Company Ltd (para 18) should be delivering power.

16 British Guiana Rice Development Co Ltd

(1) (*a*) £1,042,000 loan agreed in 1952 to finance expansion of rice production; repayable five years after drawings;

(*b*) amount drawn at 31.12.54 £448,000.

(2) Additional £250,000 short-term loan for working capital drawn in 1953; renewed during 1954.

(3) Capital and interest guaranteed by British Guiana Government.

17 British Guiana Timbers Ltd

(1) (*a*) Issued capital is £1,510,000 of which CDC holding is £1,425,000 in ordinary shares; remainder held by Steel Bros & Co Ltd, Industrial Holdings (BG) Ltd (Bookers) and Greenheart (Demerara) Inc, of USA;

(*b*) additionally Corporation has advanced £510,384 on loan; total outlay at cost less amount written off £1,685,564;

(*c*) Steel Bros & Co Ltd were managing agents until 31.12.54, when managing agency was terminated by mutual agreement.

(2) Project began in 1948; CDC acquired two sawmills and forest concessions, continued production while new sawmill was built and forest prepared for large-scale extraction.

(3) (*a*) In 1954 La Penitence mill was sold; Stampa mill will be closed early in 1955;

(*b*) new Houston mill operated throughout year; early production only two-thirds of planned capacity; a second shift was started on 1.4.54 but this expensive expedient was stopped on 2.11.54; additional plant had to be ordered costing £30,000; it should be working in May 1955. Mr. E. G. Garrity, an independent sawmilling expert, was appointed sawmill manager and took over on 1.3.55;

(*c*) of lumber produced only one third was suitable for export; that meant a pile up of lumber suitable for local use only;

(*d*) CDC and Booker Bros were prepared to establish a prefabricated housing factory to help official housing scheme subject to a contract for 7,500 houses over three years; Government appears to have decided that requirements can be met otherwise;

(*e*) forest operations concentrated mainly in Bartica Triangle; 28,282 tons of logs delivered (18,109 in 1953); extraction nothing like on full scale due to Houston mill problems; and extraction costs were much too high;

(*f*) sawmills produced 15,623 tons of lumber (9,629 in 1953).

(4) (*a*) Sales 6,640 tons logs and piling (6,937 in 1953) and 13,055 tons lumber (10,635 in 1953);

(*b*) proceeds £461,644 (£395,896 in 1953) of which exports were £243,596 (£258,600 in 1953); markets by values UK 24%, USA 22%, West Indies and local 54%;

(*c*) local prices rose slightly; UK market was steady, USA market dull in first nine months;

(*d*) net loss for year was £114,676 (£72,581 in 1953).

(5) (*a*) Company earns dollars but it has been at monstrous cost in sterling; locally it could still help substantially in housing programme;

(*b*) organisation is now being thoroughly overhauled; some costs anyhow will come down; new markets be sought; but there is no chance of being out of the red in 1955;

(*c*) meantime there is impending an increase in civil service wages which may lead to all round increases unrelated to productivity.

18 Potaro Hydro-electric Company Ltd

(1) British Guiana Consolidated Goldfields Ltd and CDC formed this Company to instal hydro-electric station at Tumatumari Falls on Potaro River, primarily to supply power to Goldfields Company.

(2) (*a*) Share capital of BG $480,000 (£100,000) will be held—BGCG Ltd 55%, CDC 45%;

(*b*) CDC will provide balance of finance, £240,000, as debenture loan.

(3) (*a*) Exceptionally heavy rains in October and November delayed work but dam and spillways were completed; work on station site and tail-races is well advanced;

(*b*) given normal dry season and no delays in plant delivery, installation should be completed by end 1955.

(4) CDC expenditure at 31.12.54 £133,083 of which £120,000 advances against debentures.

(5) It may be that this scheme will be absorbed in one of national coverage.

BRITISH HONDURAS

19 Barton Ramie Investigation

(1) Doubt was expressed last year as to whether further experiments were justified.

(2) Project was begun on too big a scale, but 550 acres ramie had been reduced to less than 50 and 55 in other crops.

(3) Expert investigation in December 1953 recommended continuing experiments for three years.

(4) And technically things went well in 1954: 435 lbs decorticated ribbon per acre and processing costs lowered by managerial ingenuity.

(5) The markets which were originally in view appear to have been captured by other fibres.

(6) So very shortly this investigation is likely to be shut down.

(7) £186,468 has been spent and most of it will have to be written off against proving that ramie can be grown in British Honduras but that nobody wants it.

20 British Honduras Fruit Co Ltd (citrus)

(1) Reported last year that original unfortunate banana scheme had been abandoned; but that on urgent (and natural) governmental representation alternative uses for land and labour had been sought.

(2) 506 acres of oranges and 31 of cocoa seem to be doing quite well, though floods in June (9″ rain in one night) did much damage to bridges and roads.

(3) As also reported, negotiations for association with neighbouring private enterprise were broken off when HM Government decided to import limited quantities of citrus under the USA Commodity Aid programme; and they are likely so to remain pending government action on report of Citrus Mission.

(4) Spent on oranges and cocoa £59,954.

21 Cramer Estates

(1) No economic method of developing the estates (bought 1950) has yet been discovered; the search continues.

(2) Outgoings (land taxes mostly) have been met out of royalties for extraction of timber and by rents from concessions; surplus in 1954 (before interest on purchase money) £2,716 (deficit £838 in 1953).

(3) Investment at 31.12.54 was £46,154.

22 Fort George Hotel

(1) Hotel, which opened in January 1953, is an immense asset to Colony; a far greater one than will ever show in CDC accounts.

(2) Net trading profit 1954 £1,296; net trading loss 1953 £4,622 (both after depreciation on written down capital).

(3) Tenders for swimming pool invited; pool should materially improve custom.

DOMINICA

23 Dominica Electricity Services

(1) As to electricity supply:

(*a*) hydro-electric station ran satisfactorily throughout year;

(*b*) line extensions continued; good management reduced costs and increased sales, but not enough to turn loss into profit;

(*c*) CDC still restricted by legislation preventing raising of prices in first five years of operation.

(2) (*a*) Sales of 840,700 kWh resulted in loss for first full year £6,443 (£5,374 for six months 1953); increased consumption with slightly better trading results expected in 1955;

(*b*) spent at 31.12.54 £178,337.

(3) As to cold storage and ice:

(*a*) year's trading disappointing;

(*b*) 1,252 tons of ice gave £30 profit;

(*c*) spent at 31.12.54 £23,270.

24 Melville Hall Estate

(1) 240 acres bananas, 200 acres coconuts; largest producer of bananas in Dominica; also supplies planting material for expansion of banana plantings in other Windward Islands.

(2) (*a*) 103,279 stems bananas sold (97,785 in 1953); and 82·57 tons copra (88 tons in 1953);

(*b*) profit £13,418 (£6,489 in 1953); satisfactory year again reflects credit on management.

(3) Spent at 31.12.54 £55,660; accumulated loss now reduced to £11,124 (£24,542 at 31.12.53); prospects fairly good.

JAMAICA AND DEPENDENCIES

25 Cayman Islands Airport

(1) £55,500 loan (1953) to finance construction.

(2) Principal and interest secured by charge on revenue of Cayman Islands and guaranteed by Government of Islands.

(3) Repayment by 20 annual instalments; balance outstanding 31.12.54 £52,725.

26 Jamaica Citrus Growers Ltd

(1) £110,000 loan (1951) to finance extension of Company's fruit processing factory.

(2) Principal and interest secured by charge on Company's assets; parent body, Citrus Growers Association Ltd, now guarantees principal and interest.

(3) Repayable over ten years from 31.3.52; outstanding at 31.12.54 £83,000.

27 Jamaica Cooling Store

(1) Trading profit before interest on capital was £3,321 on storage charges of £21,665 (£669 on £19,786 in 1953).

(2) One of the loading platforms is to be turned into a cold room for meat storage etc at estimated cost of £10,000; should improve trading results.

(4) Expenditure at 31.12.54 £122,094.

28 Jamaica Public Service Co Ltd

(1) £300,000 loan (issued at 98% in 1953) for electricity supply development.

(2) Principal and interest secured by charge on Company's assets.

(3) Repayable in 1963 at par with option to Company to redeem earlier at a premium.

29 Turks Islands Salt Co Ltd

(1) £60,000 loan (1952) secured by charge on Company's assets; Company had been formed by Jamaica Government to work salt on Turks Islands.

(2) Company still has great difficulty in selling salt; 9,872 tons for year to 30.9.54, (9,180 in 1953); stocks at 30.9.54 39,755 tons.

(3) Expert mission visited islands in August on behalf of Government to advise on technical and marketing problems.

(4) Company has defaulted on payment of interest to CDC since 1.1.53 and on first instalment of repayment of capital due 1.1.55.

(5) Discussions with Governor of Jamaica and Colonial Office continue; although Company has made and continues to make preferential payments to other creditors with no priority over CDC, the CDC at Governor's request has agreed not to appoint a receiver for another year.

ST VINCENT

30 St Vincent Electricity Services

(1) As to electricity supply:

(*a*) hydro-electric station ran satisfactorily throughout year;

(*b*) work on line extensions continued and sales rose steadily;

(*c*) to meet increasing load a third generating unit will be installed in 1955.

(2) (*a*) Sales of 962,770 kWh resulted in trading profit for first full year £2,087 (loss for nine months 1953 £1,446);

(*b*) spent at 31.12.54 £159,001.

(3) As to cold storage and ice:

(*a*) Bottlers (St Vincent) Ltd are responsible for letting storage space and selling ice; there was only £101 profit;

(*b*) spent at 31.12.54 £26,640.

TRINIDAD

31 Trinidad Cement Ltd

(1) A further BWI $2,640,000 capital was called up in the early part of the year in order to complete construction. Issued capital now $7,680,000 (£1,600,000) in ordinary and 5% cumulative preference shares. The ordinary shares are held by The Rugby Portland Cement Co Ltd and CDC in the ratio 2 : 1 while CDC owns the majority of the preference shares.

(2) Production started in July as scheduled; everything is going well.

(3) As at the date of this report, no decision had been taken by the company about a payment on the preference shares from profits earned during the year—so there is no credit in CDC's accounts this year.

32 West Indies Navigation Co Ltd

(1) Company incorporated in Trinidad to operate a shipping service (passenger and freight) between BWI islands.

(2) Share capital (BWI $216,000) held equally by Jardine, Matheson & Co Ltd, Indo-China Steam Navigation Co Ltd and CDC.

(3) Governments of BWI territories and of British Guiana agreed collectively to contribute £50,000 per annum for three years.

(4) Managed by Jardine, Matheson & Co (Caribbean) Ltd; one ship initially (ss " West Indian ") chartered from Indo-China Steam Navigation Co Ltd.

(5) Ship will provide a three-weekly service between islands; efforts will be made to arrange feeder services with other territories.

(6) Service started January 1955; it has taken three years to get this done and there is great satisfaction in the area.

FALKLAND ISLANDS

33 Falkland Islands Freezer Co Ltd

(1) (*a*) Issued capital £252,000; £242,000 preferred shares of which CDC hold £240,000 and South American Export Syndicate Ltd £2,000; £10,000 deferred shares held by CDC;

(*b*) Falkland Islands Government lent during year £50,000 secured by debenture; Company at 31.12.54 owed CDC £28,694 on current account;

(*c*) Board comprises representatives of CDC (including three Falkland Islands sheep farmers), Falkland Islands Government, Falkland Islands Co Ltd and South American Export Syndicate Ltd.

(2) South American Export Syndicate (London and Puntas Arenas in Chile) are managing agents; and owing to inaccessibility much responsibility devolves on local directors and manager.

(3) (*a*) 1953 was only a part season since freezer was not fully completed;

(*b*) 1954 was first full season; deliveries were only 16,901 sheep (14,238 in 1953) and 382 cattle; 4,645 sheep were rejected by Ministry of Food Inspector as fit only for boiling down to tallow; the rest on arrival in UK were hard to sell.

(4) Estimated result for 1954 is a loss of £42,000 (£40,377 in 1953); chief items:

	£
Payments to sheepowners	17,000
Operating and administration expenses	39,000
Depreciation on written down value of installations	15,000
	71,000
Sales	29,000
Loss	£42,000

(5) (*a*) It was clear in September that unless proper support by local interests, in particular the Falkland Islands Company, could be assured as to deliveries, quantity and quality, the freezer had better not open for 1955 season;

(*b*) sheepowners were asked to estimate 1955 deliveries; the answer was 15,000/16,000 sheep—worse than 1954—and no improvement in quality; only by inclusion of sub-standard carcasses would there be load enough for a call from the refrigerated ship; and less than half the 35,000 estimate accepted by sheepowners in 1952 before freezer was completed.

(6) (*a*) In line with CDC recommendation last year, Government tried to form local co-operative or consortium to purchase freezer; no response;

(*b*) CDC then offered freezer to Government on lease (even at peppercorn rent) with stores needed for 1955 season free; no response;

(*c*) CDC believes Falkland Islands Company and the other sheepowners could, if they wanted to, make a success of freezer, to the benefit of Colony.

(7) (*a*) CDC, in addition to investment in Freezer Company, wrote £200,000 off construction cost before transfer of installations; and it has an accrued liability for interest of about £45,000;

(*b*) Freezer will not open for 1955 season.

FAR EAST REGION

34 Regional summary

(1) Projects are mostly in Singapore and Federation of Malaya; one is in North Borneo; suitable opportunities for development in other parts would be welcome.

(2) Capital sanctioned is £15,040,000, employed at 31.12.54 £10,207,000.

(3) The large investment in electricity is a necessary prerequisite to much further general development in Federation; is an indirect investment in mining and other productive industry.

(4) The Federal and Colonial Building Society has shown a way of investing savings in better living without recourse to state control or subsidy; it has stimulated secondary industries connected with the building trades and set new standards of building development.

(5) CDC money in oil palms and cocoa helps diversification of Malayan economy.

(6) Secondary industries in Singapore are encouraged by development of an industrial area on which four factories are in production.

(7) In North Borneo development is limited by lack of labour; at Tawau, where Borneo Abaca Ltd project covers former Japanese rubber and hemp estates, problems of staff, labour, and plant disease have made progress difficult, costly and very vexatious; but modernisation of estates, perseverance with US dollar-saving hemp and development of new crops will be continued.

SINGAPORE AND FEDERATION OF MALAYA

35 Central Electricity Board

(1) Financial arrangements were fully described last year.

(2) At 31.12.54 first and second debentures were fully drawn; £1,692,050 had been drawn against third; total lent £5,840,000.

(3) Additional loan of £85,200 made in 1953 to finance staff housing scheme repaid on 31.12.54.

36 Federal and Colonial Building Society Ltd

(1) (*a*) Authorised share capital M$50 million (£5,833,333); under present arrangements CDC will invest in total M$30 million (£3,500,000) and Government of Federation of Malaya M$10 million (£1,166,667), both half equity half loan; M$10 million of CDC investment and whole of Government investment will finance house purchases in Federation;

(*b*) at 31.12.54 CDC had subscribed £1,006,833 in shares and £1,166,667 in loan, total £2,173,500; Government of Federation of Malaya had subscribed £66,500 in shares; balance of mortgages financed by internal reserves, deposits and bank loan;

(*c*) arrangements being made with Hong Kong and Shanghai Banking Corporation for loans up to M$20 million; a significant start in attracting local capital.

(2) (*a*) Progress here shown:

	Applications approved		Mortgage advances outstanding	Revenue earned (interest, agency fees and commissions)
	Number	Amount		
		£	£	£
1950 ...	220	472,894	231,734	4,090
1951 ...	613	1,062,401	792,292	31,427
1952 ...	404	792,983	1,477,625	84,916
1953 ...	303	395,331	1,929,296	136,757
1954 ...	1,069	1,279,053	2,648,297	194,167
Total	2,609	£4,002,662		

(*b*) rate of interest charged to borrowers 7%; reduced to 6½% on old and new loans from 1.1.55.

(3) There is a strong local board, including representatives of commercial community and Federation Government; the Manager of Hong Kong and Shanghai Banking Corporation, Singapore, is Chairman.

(4) In 1953 Society was appointed agent for Government of Colony of Singapore Staff Housing Loans Scheme and managers for Singapore City Council Staff Housing Loans Scheme; in January 1955 also appointed agent for University of Malaya Housing Scheme and for Federation Employees' Provident Fund Board to invest funds on security of landed properties within conditions of Trustees Ordinance.

(5) Major part of Serangoon Garden Estates Ltd debentures repaid during year; £1,447 outstanding at 31.12.54.

(6) Company's accounts show:

	Net profit (after tax)	Dividends		Balances at 31 Dec.	
		Rate	Amount (less tax)	General Reserve	Profit & Loss Account
	£		£	£	£
1950	1,973 (loss)	—	—	—	1,973 *Dr.*
1951	11,547	—	—	8,750	824 *Cr.*
1952	37,792	3%	19,046	26,250	2,070 *Cr.*
1953	53,250	4%	26,787	52,500	2,283 *Cr.*
1954	67,284	5%	36,709	81,667	3,691 *Cr.*

(7) Society has made a unique contribution to reducing housing costs, to creation of integral housing estates, and to extension of home ownership; its credit, value and efficiency are established.

37 Kulai Oil Palm Estate

(1) (*a*) Estate is in area always notorious for terrorist activity; the murders in July of the manager, Mr. W. A. Gibson, and the Regional Controller, Mr. P. A. Gregoire, have been earlier recorded;

(*b*) Mr. G. F. Walker, estate assistant, carried on alone till new manager took over in November;

(*c*) Guthrie & Co Ltd are managing agents.

(2) (*a*) Production was 671 tons of oil, 172 tons of kernels (652 tons oil, 162 tons kernels in 1953);

(*b*) average sales price of oil £70 per ton fob (£73 in 1953);

(*c*) trading loss was £6,750 after charging £8,541 amortisation of plantations.

(3) (*a*) 1954 new planting programme had to be deferred on manager's death and because of unexpected scarcity of planting material; preparatory work only carried out;
(*b*) new houses for Asian staff and labour were constructed; site for new factory prepared.

(4) Unlikely there can be much reduction in costs on this project for the next two years unless security measures can be relaxed; but financial results should be much more satisfactory after 1957 when the new high yielding palms come into bearing and new factory is in operation.

(5) Capital employed at 31.12.54 £528,613 including accumulated profits £27,292.

38 Malayan Cocoa Ltd

(1) Cadbury Brothers Ltd, Harrisons & Crosfield Ltd and CDC decided last year that results of experiments justified expansion to commercial estate initially of 500 acres.

(2) 106 acres were planted in 1954 bringing total area planted to 150 acres.

(3) Authorised capital was doubled during 1954; is now M$2 million (£233,333); issued capital is £140,000 of which CDC will hold £46,667.

(4) Spent to 31.12.54 £78,227.

39 Singapore Factory Development

(1) Financial arrangements were described last year.

(2) 24 acres sold to 31.12.53; none in 1954; 29 acres still remaining.

(3) Four factories—textile mill and edible oil refinery (both constructed with financial assistance from CDC) and polish and hemp rope factories—are in production.

(4) Directors of Federal and Colonial Building Society Ltd form advisory committee; their general manager acts as manager of factory estate.

(5) (*a*) Net profit for year was £5,364 (£16,682 in 1953); reduction due to absence of sales of land;

(*b*) capital employed at 31.12.54 £128,015, including accumulated profits £28,909; loans outstanding £83,733.

40 Borneo Abaca Ltd

(1) Financial arrangements as in last report.

(2) (*a*) Division of responsibility between London, Singapore (CDC Regional Office), Sandakan (Harrisons & Crosfield (Borneo) Ltd) and Tawau was at last determined to be quite incompatible with efficient management; from 4.11.54 Harrisons & Crosfield relinquished their managing agency and project is under direct management with substantial delegation of responsibility to strengthened management at Tawau;

(*b*) Harrisons & Crosfield remain as selling agents and as visiting agents responsible for advice on plantations.

(3) These changes have enabled reassessment of a highly complex project—rubber and hemp estates with experimental crops such as cocoa alongside.

(4) *Hemp*

(*a*) In 1949 out of 14,000 acres on five estates over 4,000 acres were under abaca, planted pre-war; all, through war-time neglect, were heavily diseased; under scientific advice four estates were completely cleared and replanting started; on one, which is isolated, rehabilitation without complete eradication was tried—largely failed;

(*b*) in 1952 hemp production reached its lowest; thereafter new plantings were estimated to build up to production of 5,000 tons in 1954 from 4,500 acres; however, failure to control disease, culminating in a fresh outbreak in 1954, is likely to result, after eradication, in reduction of mature area to 3,000 acres or less;

(*c*) in 1952 plans were made to mechanise processing—four decorticators were ordered to replace hand-stripping; in 1954 two units were brought into operation on Table Estate but they are not yet properly tested because the crop was short;

(*d*) 1954 production, 1,814 tons hemp (1,171 tons in 1953), was far below expectations owing to disease and partial failure of cultivation policies and methods still largely experimental; average price fell to £132 (£170 in 1953); trading loss was £92,698 (£45,899 in 1953); cumulative loss on hemp £390,435;

(*e*) North Borneo Government conceded a reduction in hemp export duty from 1.1.54; but the cumulative duty paid by Company is £73,735; and such a tax on a pioneer industry still making large losses seems hard to justify;

(*f*) 1955 programme will concentrate on disease control measures recommended by Government Plant Inspector and Professor Wardlaw who was in North Borneo again in December; further planting on main estate will for time being be restricted to acreage (estimated 2,500) needed to feed the two installed decorticators economically; the other two decorticators and ancillary equipment will be stored till abaca and its mechanical decortication are proved to be economic.

(5) *Rubber*

(*a*) Kuhara Rubber Estates were 12,000 acres (90% old seedling rubber); replanting is behind schedule because labour is short—to date only 200 acres new planting;

(*b*) 1954 production, 4·2 million lb (4·6 million lb in 1953), would have been lower after early setback but for substantial improvement towards year end; recovery in rubber price also improved results for last few months; trading loss £20,473 (£54,630 in 1953);

(*c*) rubber estates show cumulative profit of £69,356 since purchase after providing £105,000 for replanting provision, although large areas were untapped owing to labour shortage;

(*d*) approved five year programme aims at replanting 400–600 acres annually depending on labour availability.

(6) *General*

(*a*) Disease and curtailment of hemp development programme have resulted in capital losses not charged in the hemp (or rubber) operating accounts; combined losses charged in project 1954 accounts are £161,547 (£158,098 in 1953); CDC has provided in its accounts £56,380 (£78,977 in 1953) against abnormal depreciation and capital losses;

(*b*) experiments continue with cocoa and other crops with a view to developing extensive areas not under abaca or rubber; but until abaca problems are solved nothing much can be done elsewhere.

EAST AFRICA REGION

41 Regional summary

(1) For projects in Kenya, Tanganyika and Uganda capital sanction is £9,245,000, employed at 31.12.54, £3,925,000.

(2) Of 11 projects eight are for investigating and developing mineral resources; Kilembe Mines with accompanying railway extension should materially assist development of Western Province of Uganda and the building of a smelter at Jinja will improve the prospects of the Macalder mine; similar results could follow in Southern Province of Tanganyika if and when a railway link is provided to coal and iron deposits proved by CDC.

(3) Development programme of East Africa Industries Ltd under Unilever management is bringing new industries to Kenya; Tanganyika Wattle Estates will not only establish an important industry in an under-developed area but the Native Authority wattle growing scheme alongside CDC's project may set a pattern for similar co-operative development elsewhere.

KENYA

42 East Africa Industries Ltd

(1) (*a*) (i) Shareholders are Unilever Ltd 50%, CDC 33⅓%, Industrial Management Corporation (Kenya Government) 16⅔%;

(ii) businesses for disposal, refractory bricks and formulations, are carried on for account of CDC and Industrial Management Corporation (original shareholders);

(*b*) CDC shareholdings £275,000 and loan £35,000.

(2) Unilever Ltd manages.

(3) (*a*) Margarine plant, under construction, should be in production in mid–1955;

(*b*) decision has been taken to establish soap and glycerine plant.

(4) (*a*) Net profit before tax was about £45,000 (£31,076 in 1953) from sales totalling approximately £328,000 (£335,379 in 1953);

(*b*) surplus assets realised £86,458;

(*c*) no dividend has been declared and consequently no credit in respect of Company's profits appears in CDC accounts.

43 Kenya Housing Authority

(1) £2 million loan to Kenya Government for approved municipal and private housing programmes for Africans in urban districts.

(2) Government guarantees interest and principal.

(3) Drawings at 31.12.54, £200,000.

44 Macalder-Nyanza Mines Ltd

(1) (*a*) Ordinary capital is to be increased to £700,000 of which CDC will hold 65·7%, Kilembe Mines Ltd 28·6%, other interests 5·7%;

(*b*) CDC will provide balance of finance required to bring mine to production (£1,400,000) on loan; loan was £834,101 at 31.12.54.

(2) (*a*) Pilot milling was completed in 1953; no further underground development in 1954;

(*b*) total ore reserves of all classes remained unchanged; details of sulphide reserves:

Class	Short tons	Copper %	Gold dwt/t	Silver oz/t	Zinc %
proved	718,000	2·27	2·24	1·81	3·45
indicated	119,000	2·09	2·75	1·25	2·00
inferred	637,000	1·89	1·60	0·92	2·49
transition	36,000	3·88	2·52	1·46	1·82

(3) (*a*) Work in 1954 concentrated on construction to equip mine for production in 1956 at rate of 10,000 tons ore per month, employing roast-leach method for recovery of cement copper, gold and silver; final treatment in Kilembe Mines Ltd's new smelter at Jinja;

(*b*) progress satisfactory; major plant ordered in South Africa; much else being designed and fabricated by mine staff.

(4) (*a*) Power investigations were concluded; small hydro-electric station is to be built on Kuja River;

(*b*) this will give power needed for most of year but will require diesel boost in dry season.

TANGANYIKA

45 Liganga Iron Ltd

(1) In 1952 CDC, Frobisher Ltd of Canada and Anglo-American Corporation of South Africa Ltd formed syndicate to investigate Liganga iron ore deposits about 50 miles north of coalfields in south-west Tanganyika.

(2) Reconnaissance geological survey concluded; results disappointing; but deposits might become worth working should other development take place in area.

(3) Company has been registered in Tanganyika by syndicate with Tanganyika Government; authorised capital £30,000; CDC will hold 32½%.

(4) Expenditure at 31.12.54 was £18,050.

46 Mbeya Exploration Co Ltd

(1) (*a*) CDC has agreed with N.V. Billiton Maatschappij to investigate pyrochlore (niobium ore) deposits near Mbeya in south-west Tanganyika;

(*b*) Mbeya Exploration Company will be registered in Tanganyika with nominal capital of £100;

(*c*) finance will be provided by loans from N.V. Billiton Maatschappij and CDC in proportion to respective shareholdings; CDC's share 30%.

(*d*) N.V. Billiton Maatschappij will be managing agents.

(2) (*a*) First stage, of field investigation and metallurgical research, planned to start at once;

(*b*) if results satisfactory second stage of development and pilot milling will follow.

47 Murongo Mines Investigation

(1) (*a*) As mentioned last year, investigation (undertaken at Tanganyika Government request) and plans for further development and erection of pilot mill were stopped in 1953 when price of tin fell below estimated pay limit;

(*b*) caretaking in 1954 to fulfil statutory obligations was combined with small scale realisation of ore;

(*c*) 16 tons of tin concentrates produced £6,427 towards cost of maintenance;

(*d*) some surplus equipment was sold.

(2) In view of success of small scale production and improved price of tin some reef development began in October.

(3) Spent at 31.12.54 £255,637, increase of £3,571 in 1954.

48 Tanganyika Coalfields Ltd

(1) (*a*) This was also an investigation at request of Tanganyika Government; 256 million tons of coal proved and indicated end 1952 in fields east of Lake Nyasa;

(*b*) in 1953 investigation team was withdrawn; most buildings, plant and equipment disposed of.

(2) (*a*) Tanganyika Coalfields Ltd was registered in Tanganyika by CDC with Government of Tanganyika, Frobisher Ltd of Canada and Anglo-American Corporation of South Africa Ltd; authorised capital £100,000; CDC interest 35½%, balance of consideration being met by issue of unsecured notes by Company;

(*b*) development of fields explored awaits provision of railway;

(*c*) meantime mining leases applied for and property held on care and maintenance basis.

(3) Possible demand in Mbeya and Rungwe districts may justify early investigation and development of field north-west of Lake Nyasa.

(4) Expenditure for year £4,864; proceeds from disposals of surplus assets £5,804; total expenditure at 31.12.54 £438,921, of which £122,765 contributed by associates.

49 Tanganyika Wattle Estates

(1) (*a*) By end of 1953/54 planting season 22,500 acres of wattle were established;

(*b*) 1954/55 wet season began early December; 4,000 acres sown by 31.12.54;

(*c*) growth is satisfactory.

(2) 371 miles of road constructed, of which 37 in 1954.

(3) Plans and estimates for factory completed; production of tanning extract expected in 1959.

(4) Development programme has been economically carried out according to plan; CDC now looks to next phase involving installation of factory and processing and marketing operations.

(5) Arrangements are being negotiated for financial participation and management by private enterprise associate. Tanganyika Government has been invited to participate on behalf of Native Authority.

(6) Tanganyika Government initiated Bena Wattle Scheme, whereunder CDC will assist Africans to establish 20,000 acres of wattle over period of years and factory will process bark; first 300 acres sown in December.

(7) Expenditure at 31.12.54 £570,967.

50 Tangold Mining Co Ltd

(1) (*a*) Second stage exploration and development programme for gold continued during year;

(*b*) 23 diamond drill holes completed; total 18,808 feet drilled at 31.12.54; 3,358 feet in 1954;

(*c*) 1954 development: inclined shaft sunk to 587 feet; 770 feet of underground development completed.

(2) Stage 2 is nearing completion and on results obtained consulting engineers (New Consolidated Gold Fields Ltd—who also own half the capital) will recommend whether to proceed to production.

51 Williamson Diamonds Ltd

(1) CDC agreed to lend £500,000 to assist extensive mechanisation of mine.

(2) Nothing drawn at 31.12.54.

UGANDA

52 Kilembe Mines Ltd

(1) (*a*) Authorised capital £5 million; £3,057,674 issued at 31.12.54, of which CDC £514,870 out of £1 million promised;

(*b*) additional loan capital required to bring mine to production is estimated at about £1,900,000 of which CDC will subscribe £750,000 against debenture; loan at 31.12.54, £386,154.

(2) (*a*) CDC joined in 1953 with Frobisher Ltd and Uganda Development Corporation to finance the Kilembe mine, in Ruwenzori Mountains of western Uganda, to production at 40,000 tons per month, estimated to produce annually about 8,000 tons blister copper and 400 tons cobalt as high grade cobalt oxide;

(*b*) consulting engineers and general managers are Frobisher Ltd.

(3) (*a*) Ore reserves remain unchanged at:

Class	Short tons	Copper %	Cobalt %
proved	5,882,000	2·12	0·17
indicated	5,439,000	2·12	0·19
inferred	6,460,000	1·47	0·19

(*b*) underground development was resumed in October; 870 ft advanced.

(4) (*a*) Rate of construction in 1954 was necessarily slow during build up of staff and labour force, but camp housing well advanced;

(*b*) main plant orders placed; main construction contractors (E. L. Bateman Ltd of South Africa) and sub-contractors started construction on hydro-electric scheme and concentrator.

(5) Railway authorities do not now expect rail link from Kampala to Kasese to be completed till January 1956, six months behind schedule; delay means added cost for heavy plant by road.

(6) Negotiations with Government about site for smelter at Jinja completed.

CENTRAL AFRICA REGION AND HIGH COMMISSION TERRITORIES

53 Regional summary

(1) This region falls easily into two parts, the Central African Federation and High Commission Territories (Basutoland, Bechuanaland and Swaziland). The Federation (apart from Nyasaland) is a field of operations for large and rich concerns, e g the copper companies; the Protectorates are relatively undeveloped and CDC is an important element in total development.

(2) In the Federation, capital sanctioned is £5,014,000, employed £1,940,000. There are the Chilanga Cement Co and the Central African Airways Corporation loan; and the three plantation projects in Nyasaland, the future of which will depend on development of communications and securing of markets.

(3) (*a*) In HCT capital sanctioned is £7,394,000, employed £4,519,000;

(*b*) CDC helps the Bechuanaland economy through the cattle trade, which is the sole major economic activity, by stimulating an increase in cattle production and through the Lobatsi Abattoir enabling the Protectorate to set up an industry and retain the processing and by-product proceeds which previously went to the neighbouring territories;

(*c*) Swaziland is a fertile oasis in Southern Africa; CDC is developing land potentialities by afforestation on the heights and irrigation in the low ground; already there are crops, including one new to the Protectorate—rice, on what was recently bush; here again CDC looks to someone else to provide communications.

FEDERATION OF RHODESIA AND NYASALAND

54 Central African Airways Corporation

(1) Agreement signed September 1954 to lend £1,750,000 to finance purchase of five Vickers-Viscount aircraft and spares; also to provide buildings at new Salisbury airport.

(2) Loan, repayable over ten years, is guaranteed by Government of Federation and secured by charge on assets of Central African Airways.

(3) None drawn at 31.12.54.

NORTHERN RHODESIA

55 Chilanga Cement Ltd

(1) (*a*) Authorised capital £2 million; £1,300,000 issued at 31.12.54 in one million £1 ordinary shares and 300,000 £1 5% cumulative redeemable preference shares; CDC held 750,000 ordinary and 225,000 cumulative redeemable preference; rest held by Northern Rhodesia Government;

(*b*) CDC loan increased by £56,763 to £216,542.

(2) (*a*) Production 81,842 tons (69,962 tons in 1953), of which 15,200 tons made from imported clinker;

(*b*) Northern Rhodesian demand continued in excess of local supplies; arrangements with Southern Rhodesia producers by which Company handled distribution of 101,873 tons imported from Southern Rhodesia, United Kingdom and Belgian Congo continued to 31.12.54;

(*c*) operating profit was £216,718 (£229,457 in 1953), £121,718 after tax.

(3) (*a*) Estimates (not by CDC) of available limestone of suitable quality proving wrong, Company purchased local lime works and limestone quarry; with these, and other deposits located by Company's investigation, reserves of suitable limestone sufficient to justify factory extension were proved;

(*b*) bulk of second unit plant and equipment was shipped from UK; installation should be complete in 1956; when new unit is operating plant's rated capacity should be trebled.

(4) (*a*) Premier Portland Cement Company (Rhodesia) Ltd, Rhodesian Anglo-American Ltd and British South Africa Company have acquired substantial financial interest in Company; CDC will hold 40% of issued ordinary shares and 75% of preference;

(*b*) Premier Portland Cement Company (Rhodesia) Ltd became general managers on 1.12.54.

NYASALAND

56 Kasungu Tobacco Estates

(1) On expert advice this pilot estate was operated on reduced acreage, with more intensive cultivation and supervision than in 1953.

(2) (*a*) Alternaria disease again damaged crop; but attack was less severe;

(*b*) 1954 crop harvested from 380 acres was 284,540 lbs; average yield 749 lbs per acre; average price 26·48d per lb;

(*c*) yield and price both showed substantial improvement on 1953 when yield averaged 625 lbs per acre and price 21·95d per lb; and price in 1954 compared more favourably with other Nyasaland producers than in 1953;

(*d*) improved results due to efficient management.

(3) (*a*) 1954/55 programme is 345 acres flue-cured and two experimental acres burley air-cured;

(b) devolution of responsibility to Africans as section managers having proved satisfactory is being extended;

(*c*) cultivation and disease control problems still remain but further improvement in yield and quality like that of 1954 would make project pay;

(*d*) continuation of the differential in prices obtained at Limbe (Nyasaland) and Salisbury (S Rhodesia) auctions must lead to a demand by Nyasaland growers for freedom to sell at the latter.

(4) Local commercial interests referred to last year withdrew from negotiations for partnership.

(5) (*a*) Loss for year £7,916, (£24,777 in 1953);

(*b*) spent at 31.12.54 £172,565; fixed assets and development £70,505; net current assets £32,812; accumulated losses £69,248.

57 Nyika Forestry Development Syndicate (Investigation)

(1) In this investigation CDC is associated with the Imperial Tobacco Co Ltd and Albert E. Reed & Co Ltd.

(2) Forestry consultant examined experimental plantations in July 1954; reported growth rate entirely satisfactory.

(3) Consulting engineers now investigating hydro-electric possibilities, process-water supply, and port facilities on Lake Nyasa.

(4) Meanwhile afforestation and road construction on Nyika Plateau continue on pilot scheme scale with full support of Native Authority.

(5) Syndicate funds raised from £36,000 to £60,000; CDC contribution at at 31.12.54 £12,000.

58 Vipya Tung Estates

(1) Tung oil market is dominated by fluctuating supplies from China; an appeal by Nyasaland Tung Board to UK Government for measures to safeguard producers on strategic grounds inter alia was rejected during year.

(2) CDC is negotiating with Nyasaland Tea Estates Ltd (who own their own tung plantation and factory) for their appointment as managing agents including responsibility for designing and erecting tung factory.

(4) (*a*) Further economies effected; overheads reduced by £21,000 compared with 1953 and will come down further in 1955;

(*b*) 4,641 acres planted at 31.12.54;

(*c*) 1954/55 programme deferred one year on visiting agents' advice after review of available planting material.

(5) (*a*) 432 tons nuts in husk were harvested (150 tons in 1953); dehusking is still by hand but prototype dehusking machine is on the way;

(*b*) trial coffee plantings not yet successful; further trials planned for 1955.

(6) CDC's surplus buildings at Mzuzu sold for £46,500 to Government.

(7) Spent at 31.12.54, less amount written off, £633,441; plantations and development, £441,719; fixed assets £144,202; net current assets £47,520.

HIGH COMMISSION TERRITORIES

59 High Commission Printing & Publishing Co Ltd

(1) (*a*) In 1951 Bantu Press (Pty) Ltd asked financial assistance for African local language newspapers in High Commission Territories;

(*b*) Company formed as wholly owned subsidiary of Bantu Press (Pty) Ltd.

(2) Corporation loan of £10,000 is guaranteed by parent company; repayable over ten years beginning 1955.

60 Bechuanaland Cattle Ranch

(1) It was reported last year that this grandiose project (for which 16,000 square miles were leased in 1950) was being concentrated on the headquarters farm at Panda-ma-Tenga and agricultural operations reduced to an experimental scale.

(2) (*a*) Mr J. N. Hobday, seconded by the Northern Rhodesia Government to take charge of the three Bechuanaland projects, is staying till 30.6.55. CDC is greatly indebted to him, and to Northern Rhodesia Government;

(*b*) in view of restriction of operations the advisory committee has been disbanded; the help given by Messrs A. L. Millar (Chairman), B. S. Curry, C. W. Freeman and F. D. Kirkman, Col L. van der Post and Dr A. E. Romyn is gratefully acknowledged.

(3) (*a*) CDC withdrew from two outlying stations, Makalamabedi and Bushman Pits, but has arranged for Ngamiland Cattle Exporters' Association—a co-operative body specially established for the purpose —to take over lease and facilities at Bushman Pits; this area will accordingly continue to serve original purpose of helping to increase Protectorate's exportable cattle (see para 61);

(*b*) herd at remaining out-station, Nata, will be progressively reduced as facilities for holding cattle near headquarters are expanded;

(*c*) headquarters, Panda-ma-Tenga (200,000 acres), will be used to maintain a ranch-bred herd 3,000 head and as a holding ranch to finish cattle bought from Bushman Pits and Ngamiland;

(*d*) despite some success in growing maize and groundnuts in experimental plots prospects of commercial scale agriculture appear doubtful owing to soil and other local conditions; operations will be restricted to cultivation for cattle fodder;

(*e*) surplus agricultural equipment now largely sold.

(4) Economies in administrative staff were made in 1954 and overheads reduced by 20%; further economies effected since 31.12.54.

(5) (*a*) Trading loss:

	1953	1954
	£	£
Cattle	69,558	61,593
Agriculture	33,202	6,663
	£102,760	£68,256

(*b*) relatively small reduction in cattle loss was due to this operation having to bear most of inflated overheads after curtailment of agriculture and to CDC receiving no payment in 1954 for handling exports on hoof from Ngamiland to Northern Rhodesia; 1955 arrangements are currently being discussed with Northern Rhodesia Government;

(*c*) losses may be expected for some years yet; it is too early to assess whether concentration at Panda-ma-Tenga and build up of a ranch-bred herd will put the cattle operations on a paying basis thus enabling expansion again later.

61 Bushman Pits Ranch (Ngamiland Cattle Exporters' Association)

(1) (*a*) CDC has arranged for the Ngamiland Cattle Exporters' Association —a co-operative body specially established—to take over lease and facilities at Bushman Pits, one of outlying stations from which CDC withdrew under concentration policy explained above;

(*b*) this station will accordingly continue to serve original purpose of ranch in helping to increase Protectorate's exportable cattle.

(2) Association will occupy about 87,000 acres of land and will use buildings, fencing and other facilities established by CDC; it will pay a fee calculated to cover interest on and amortisation of CDC's assets.

(3) Members will buy immature slaughter type cattle from Ngamiland producers and will graze them at Bushman Pits till ready to be fattened off by CDC at Panda-ma-Tenga.

62 Lobatsi Abattoir

(1) This abattoir in south-east Bechuanaland was of course to process and export major part of Protectorate's annual cattle surplus.

(2) (*a*) Necessary reconstruction due to inefficiency in design and construction supervision (1953 report) was completed by September when expenditure was slightly less than £715,000 estimated last year; abattoir was opened by HE the High Commissioner on 11.10.54;

(*b*) in November number of cattle on offer declined owing to dry season, a normal annual feature of Bechuanaland cattle trade; abattoir closed early December, re-opened 4.1.55;

(*c*) abattoir reached target daily throughput of 300 beasts on 27.1.55.

(3) During two and a half months of operating 5,988 head of cattle were slaughtered; meat was supplied to markets in Union of South Africa, Northern Rhodesia and Belgian Congo; hides and edible offal were sold locally; relative attractiveness of various markets for by-products is under review.

(4) Trading from mid-September to 31.12.54 resulted in loss of £3,232; this is better than estimate and is more than accounted for by standing charges incurred during period when abattoir was closed.

(5) Spent at 31.12.54 £831,129; fixed assets £632,440; development £66,511; net current assets £126,903.

63 Molopo Ranch

(1) Original plans for Molopo have also been revised.

(2) Ranching operations are now concentrated on 200,000 most easterly acres; aim is to establish self contained herd of 8,000 cattle, to improve breed and experiment with pasture management.

(3) A settlement scheme for rest of area is being evolved with Government; settlers will take over existing CDC facilities—boreholes, fencing etc—and CDC will finance through a properly constituted Settlement Authority further basic development, if satisfied that scheme promises success.

(4) Geophysical survey undertaken over eastern part; two out of three subsequent boreholes struck water at 300 feet; further boreholes will go down as fast as CDC's rig can manage.

(5) Opening of Lobatsi Abattoir at last enabled ranch to dispose of cattle held back to ensure initial supplies, but these sales were not expected to give any profit when mature cattle had been held for over two years; 6,841 head sold (2,754 head in 1953), loss £22,053 (£45,755 in 1953).

(6) Economies effected in 1954 should be reflected in 1955 results, but this ranch is bound to run at a loss for some years.

64 Swaziland Irrigation Scheme

(1) 105,000 acres in northern Swaziland bought in 1950 to develop irrigated and dry land farming and ranching; but earlier inexcusable inaccuracies in surveying and estimating have held up large scale development.

(2) (*a*) CDC has now decided to proceed with plans to build main canal in two stages; stage 1 will carry two thirds of water award but with full size headworks etc, which can be increased during construction or afterwards when circumstances justify;

(*b*) Sir Alexander Gibb & Partners are responsible for approved design and are consulting engineers in charge;

(*c*) tenders will be invited in March; much work on bush clearing and access roads will be done by project staff with existing equipment.

(3) There was a full investigation with prospective commercial associates of potentialities for large scale sugar project with cultivation up to 25,000 acres and corresponding mill; but nothing came of it as an application for a Commonwealth export quota was rejected.

(4) (*a*) The 1953/54 rice crop was a serious and shocking disappointment; after the promising 1952/53 season irrigated acreage was extended from 1,200 acres to 2,000 acres; harvesting disclosed a very high proportion of red grains which require extra milling in order to remove discoloured outer skin;

(*b*) this is a normal crop hazard, usually controllable by careful seed selection and cultivation; it should have been controlled here but was not;

(*c*) harvested crop was also smaller than expected since secondary ratoons were ploughed in; wretched quality and a reduction in controlled prices by South African Government depressed the prices obtainable; bad rice management and supervision cost Corporation dear.

(5) New seed and careful cultivation under new management (both rice and general) should put matter right in time.

(6) (*a*) Dry land crops, mainly maize, groundnuts and potatoes have yielded well;

(*b*) cattle herd maintained at 8,000 head after sales of 1,108 head; prices obtained were satisfactory and this activitity makes a profit.

(7) Trading results:

	1954		1953	
Gross profit/loss		£		£
Rice	L	15,306	P	23,659
Livestock	P	4,601	P	6,204
Other crops	P	1,844	L	12,410
	L	8,861	P	17,453
Administrative and special charges ...		39,492		50,816
Net loss		£48,353		£33,363

Administrative and special charges include expenditures committed in past in expectation that development would have taken place without delay; decision to proceed with canal should validate some of this expenditure.

(8) Spent at 31.12.54 £1,605,108; fixed assets and development £1,143,861; net current assets £271,530; cumulative losses £189,717.

65 Ubombo Ranches (Pty) Ltd

(1) £85,000 was lent to Company in 1953 to develop irrigable land in Swaziland; repayable by 1973.

(2) Loan is secured on land and is guaranteed by principal individual shareholders.

66 Usutu Forests

(1) (*a*) Of the 85,000 acres suitable for afforestation with pine trees, 55,000 planted by 31.12.54 of which 17,000 in 1954; 9,000 acres ahead of first five year programme and within original estimates, reflecting efficient management;

(*b*) condition and growth satisfactory;

(*c*) most buildings required for afforestation programme completed;

(*d*) 51 miles of roads built in 1954; 190 miles total;

(*e*) development and afforestation of 3,500 acres begun on behalf of Swazi Nation.

(2) (*a*) Report of independent forestry experts after inspection late in year was satisfactory;

(*b*) mission to investigate other aspects should soon be on the job in Swaziland.

(3) (*a*) Laboratory pulping and papermaking tests carried out on South African pines;

(*b*) investigation of relative merits of various methods of effluent disposal continued.

(4) (*a*) Transport requirements of project being integrated with those of Swaziland generally;

(*b*) alignment within Swaziland of rail link with Transvaal surveyed and cost estimated.

(5 (*a*) New manager engaged to improve management of adjoining project farm, Usutu Orchards, where disappointing crops were produced at heavy loss;

(*b*) irrigation water now available for 1,200 acres; area under pineapples extended to supply adjacent cannery recently built by private interests; but present policy is primarily to supply Usutu Forests with meat, maize etc for employees' rations.

(7) Spent at 31.12.54 £1,399,701; fixed assets and development £1,427,182; net current liabilities £44,656; accumulated trading loss of Usutu Orchards £17,175.

TRISTAN DA CUNHA

67 Tristan da Cunha Development Co Ltd

(1) (*a*) Fishing season is from September to May;

(*b*) in 1953/54 season (September to May) production was 21,657 cases (27,342 cases in 1952/53); fishing rate increased in latter part of 1954.

(2) (*a*) Profit for year to 31.12.53 was £6,278 (£11,215 in 1952); reduction due to late start of fishing season and interruption, as reported last year, by conveyance of islander to hospital in Cape Town;

(*b*) preliminary estimate of profit for year to 31.12.54 £2,500; details not yet available but reduction probably due to loss of fishing time through bad weather and repairs to ships.

WEST AFRICA REGION

68 Regional summary

(1) West Africa is CDC's least active region, but expansion now following recent retrenchments would be welcomed; capital sanctioned £2,672,000, employed £1,781,000.

(2) Operations now mainly primary development—road and other works contracting with a loan to the Lagos Executive Development Board; need for such development confirmed by International Bank Mission.

(3) Nigeria is rich in timber; Omo Sawmills helps in its utilisation; it would help more than it does if there were greater knowledge and appreciation in UK of the value of Nigerian hardwoods which compete directly with dollar hardwoods of which imports are now being freed. Land Settlement scheme at Mokwa as originally envisaged was abandoned after valuable lessons had been learnt but a less ambitious scheme is to be continued by Northern Regional Government.

(4) British West Africa with population of nearly 40 millions needs technical and professional skills and secondary industries. There are a number of projects under consideration, but financing such activities is a particularly difficult field for an outside corporation to operate in unless local association can be arranged.

THE GAMBIA

69 Yundum Farm

(1) CDC agreed to share cost of this experimental farm (on land originally cleared for the ill-omened Poultry Farm) with Gambia Government for five years.

(2) No practical possibilities for commercial development emerged; by mutual agreement CDC withdrew at 31.12.54, end of third year, transferring its assets to Government in composition for contribution to operating expenses for next two years.

GOLD COAST

70 Mampong-Bolgatanga road

(1) Contract is for re-surfacing 287 miles of Mampong–Bolgatanga road; revised value £1,344,000.

(2) Stirling-Astaldi (West Africa) Ltd became managing agents on 1.9.53.

(3) (*a*) Progress good; 83 miles completed in 1954 (24 miles in 1953); total 160;

(*b*) contract should be completed about end 1955; arrangements made for continued employment of CDC plant thereafter by CDC-Stirling Contracting Ltd (para 71).

(4) Managing agents are making a success of what was previously a most costly undertaking; 1954 profit £33,374 (loss £105,522 in 1953) reducing accumulated loss to £133,849.

71 CDC-Stirling Contracting Ltd

(1) (*a*) CDC and Keir & Cawder Ltd are forming this Company in Gold Coast to carry out road, bridge and other public works contracts;

(*b*) Company's authorised share capital £100,000 will be held equally by CDC and Keir & Cawder Ltd;

(*c*) CDC will provide additional finance by loan up to £150,000.

(2) Keir & Cawder Ltd have large interest in Stirling-Astaldi (West Africa) Ltd who manage Mampong–Bolgatanga road contract (para 70); same Company will manage new Company's affairs.

(3) First contract has been secured, ensuring continued employment of CDC plant in Gold Coast.

72 Lagos Executive Development Board

(1) £1,250,000 loan finances reclamation and development of 772 acres at Apapa for industrial, commercial and residential purposes.

(2) (*a*) Loan drawn in two instalments in 1950 and 1951;

(*b*) agreement provides that Board may refund, or CDC retire, loan at end of 10, 20 or 30 years from 1.9.50; otherwise repayable by equal annual instalments 1.9.61–1.9.90;

(*c*) loan guaranteed by Government of Nigeria.

73 Niger Agricultural Project Ltd

(1) (*a*) Company is now to be liquidated; assets purchased by Northern Regional Government who will carry on an experimental farm and training centre;

(*b*) since 1.7.53 project has been administered on restricted scale by funds provided by Central Government;

(*c*) Central Government and CDC withdrew from scheme at 1.6.54.

(2) (*a*) This was an experiment to discover if mechanised cultivation, particularly of oil-seeds, would be economic in sparsely populated savannah country and to develop organised land settlement;

(*b*) if successful, scheme would have been of great benefit to Nigeria and elsewhere in Africa;

(*c*) project was well and economically managed but more experiment is needed to prove crops, methods of cultivation and economics of mechanisation; Overseas Resources Development Act 1948, Section 15 (1), puts such projects beyond CDC scope so long as millstone of abandoned projects has to be borne.

(3) Net loss to CDC at 31.12.54 £123,494.

74 Omo Sawmills of Nigeria Ltd

(1) (*a*) Capital authorised and issued £250,000, of which CDC held 143,080 £1 shares at 31.12.54; balance held by William Mallinson & Sons Ltd, a group of African timber interests headed by Hon T. A. Odutola and by former shareholders of A. Norman Rushforth Ltd;

(*b*) CDC in addition had advanced £17,723 on loan account (£41,268 at 31.12.53);

(*c*) Company holds three concessions in Omo and Oshun forest reserves of Western Region; total 429 square miles, one quarter to be cut in 25 years.

(2) New sawmill, completed in 1953, was improved by installation of additional machinery.

(3) (*a*) Sawmill input was 100% higher than in 1953; conversion rate improved by 1·5%, can be further improved; quality of lumber produced high;

(*b*) sales realised £139,962 (£81,884 in 1953);

(*c*) production was mainly opepe lumber and sleepers for local market, which absorbed 65% of sales by value (41% in 1953); in 1955 more mahogany will be produced for export;

(*d*) loss for 1954 was £12,128 (£22,863 in 1953).

(4) Sawmill operation is becoming more efficient; order book for 1955 excellent, local market strong; production of mahogany, which commands a higher price than opepe, will increase; loss should turn to profit.

75 Cocoa and Gusau-Sokoto roads

(1) There are two contracts:

(*a*) Cocoa roads (Western Region) re-surfacing 178 miles of existing roads; value £293,700;

(*b*) Gusau–Sokoto road (Northern Region) re-surfacing 98 miles of existing road; value £198,728;

(*c*) work additional to specification is likely to bring in additional revenue.

(2) Highways Construction Ltd were appointed managing agents from 1.2.54.

(3) Cocoa roads contract:

(*a*) 54 miles completed during year bringing total to 126 miles;

(*b*) operating loss for year was £121,909 (£116,054 in 1953); approximate loss on contract to 31.12.54 £327,000;

(*c*) of year's loss, about £14,000 is for repairs to previous bad work;

(*d*) progress rate disappointing; improved towards end of year; managing agents estimate contract completed mid-1955.

(4) Gusau–Sokoto road contract:

(*a*) 44 miles completed during year bringing total to 69 miles;

(*b*) operating loss for year £55,569 (£52,868 in 1953); approximate loss on contract to 31.12.54 £140,000;

(*c*) managing agents have brought progress rate up to about ten miles per month during last quarter; estimate completion of contract by April 1955.

(5) Losses again high on both contracts owing to benefits of better management coming only late in year; clearly demonstrated that even when efficiently organised, contracts could not pay for themselves at agreed prices; no success yet in re-negotiating prices.

(6) Arrangements have been completed since end of year for continued employment of plant on completion of present contracts by new company in which CDC and Highways Construction Ltd will hold ordinary capital in equal proportions.

76 West African Fisheries

(1) By mid-1954 disposal of fishing assets was complete; this left only the two cold stores at Port Harcourt and Apapa together with ancillary equipment.

(2) (*a*) Port Harcourt property, apart from cold store building itself, remained let throughout the year while more permanent arrangements were sought;

(*b*) now recognised that Port Harcourt is unlikely to require enough additional cold space for several years to justify re-opening of Corporation's store;

(*c*) in 1955 machinery will be removed to Apapa and building let for general purposes.

(3) (*a*) In October Apapa Cold Store was re-opened under independent managers: a six-months' experiment to test demand;

(*b*) it was made possible through a space renting guarantee by an agency of the Western Regional Government.

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